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Port call: U.S. aircraft carrier makes a stop in Hong Kong

European Pressphoto Agency

A TurboJet sails past the aircraft carrier USS Nimitz after the vessel berthed in Hong Kong on Wednesday. The warship and four others arrived for a four-day rest stop after spending five months in the North Arabian Sea as a base for Afghan combat missions.

Toyota hasn't been evasive, chief says

By Mariko Sanchanta And Yoshio Takahashi

TOKYO—**Toyota Motor** Corp. will install a brake-override system in all of the company's new cars worldwide, President Akio Toyoda vowed Wednesday, while he denied that the world's largest car maker had withheld information from U.S. regulators.

But Mr. Toyoda said he won't testify before the U.S. Congress at hearings next week and left vague his plans to visit the country, the company's single largest market. He also offered few details about a new internal panel intended to revamp Toyota's quality-control issues, and which he said won't meet for an additional six weeks.

The uncertainty comes as U.S. officials intensify their probe into Toyota's safety and quality-control practices. Regulators, who are facing pressure from U.S. lawmakers, are looking into whether Toyota made its recent string of recalls in a timely manner.

Mr. Toyoda said he would send Yoshimi Inaba, head of Toyota's North American operations, to next week's congressional hearings.

"We will give full support to him at the hearing," Mr. Toyoda said. "I am not saying that I am never going to the U.S. I am looking at my schedule and preparing."

He also defended Toyota's response to quality problems. "I don't believe that Toyota is infallible," Mr. Toyoda said. "There are problems and we have responded quickly to these issues...we have not been evasive and we have not withheld information."

Toyota also said Wednesday it is looking into reports of steering issues with its Corolla sedan in the U.S., though the company said it had received fewer than 100 complaints and it was too early to consider another recall.

"With respect to our steering we have had some complaints but we have not heard what the specific issues are," said Shinichi Sasaki, Toyota's executive in charge of quality control.

Mr. Toyoda spoke at his third news conference in two weeks, increasing his public presence amid quality worries that have led to the recall of 8.5 million vehicles world-

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In Depth

How speed and commerce skewed the design of the Olympic luge's track.
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U.S. set to press on yuan

By Kathy Chen And Jason Dean

The mounting political tension between U.S. and China is poised to take on a more pronounced economic component—with Washington, in coming months, expected to press China over what officials see as an undervalued yuan.

In recent weeks, the two global powers have faced off over Washington's $6.4 billion announced arms sales to Taiwan, which Beijing claims as part of its territory; President Barack Obama's planned Thursday meeting with Tibet's exiled spiritual leader the Dalai Lama; and a cyberattack on **Google** Inc. widely seen as originating in China. The two sides have also disagreed over whether to sanction Iran over its nuclear program.

But for U.S. officials, China's exchange rate is emerging as a top concern. President Obama and other administration officials argue that the Chinese currency is undervalued. That makes Chinese exports artificially cheap in terms of other foreign currencies, contributing to the U.S.'s large trade deficit with China and, they say, depriving Americans of jobs.

Also on the economic front, U.S. officials have taken notice of increasing, vocal concerns among U.S. multinationals over what these companies view as growing protectionist trends in China. For years, these companies have acted as a ballast for stable bilateral ties.

"We expect to see actions by China" to help rebalance global trade flows, a White House official said. If Beijing fails to act, that "will put greater and greater pressure on the U.S. to respond."

"We have 10% unemployment and China is racking up huge trade surpluses with an undervalued currency—the politics [of that] are very tough," said Kenneth Lieberthal, a former Clinton administration official who now heads Brookings Institution's John L. Thornton China Center in Washington.

Officials and analysts in both countries say economic codependence and shared strategic interests over such issues as North Korea and nuclear nonproliferation are likely to ensure that relations generally remain cooperative.

But lately that cooperation

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Business & Finance

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■ **China's economic recovery** lost some momentum in the fourth quarter of 2009, according to most private analysts who study the country in a new poll by The Wall Street Journal. **4**

■ **Singapore's key exports** showed slower-than-expected growth in January, mostly due to a weak pharmaceuticals sector. **4**

■ **U.S. housing starts climbed** 2.8% in January, while industrial production rose for the seventh straight month, providing further evidence of gradual recovery. **6**

■ **Japanese banks helped** to drive the purchasing that made Japan the world's top holder of U.S. Treasurys in December, but the trends behind the buying may not last. **23**

■ **An Indonesian court** overturned a regulatory finding that Carrefour violated antimonopoly laws and reversed the order to sell a stake in a local retailer. **17**

■ **George Soros's hedge fund** increased the value of its holdings by 42% to $8.8 billion over the last three months of 2009. **24**

■ **Warren Buffett did** some fine-tuning on his investment portfolio in the fourth quarter, reducing stakes in ConcoPhillips and Exxon Mobil and doubled his holdings in Irion Mountain. **23**

■ **BNP Paribas swung** to a net profit and raised its dividend 50%, beating analysts' expectations a year after market dislocation plunged it into the red. **24**

■ **Korean conglomerate STX** may join in the multibillion-dollar bidding for control of Daewoo Engineering. **18**

Agence France-Presse/Getty Images

Haitian President René Préval, left, sits with French President Nicolas Sarkozy as they prepare to survey Port-au-Prince in a helicopter on Wednesday. Mr. Sarkozy, the first president of France to visit what was once the country's richest colony, promised €230 million ($315 million) in aid for quake-stricken Haiti.

■ **Indian software firm Wipro** said it detected a financial fraud of about $4 million by one of its employees and that it is taking corrective measures. **19**

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* * *

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■ **Malaysian authorities** said officials caned four Muslim men and, for the first time, three Muslim women earlier this month on convictions of having sex out of wedlock. **4**

■ **Pakistan confirmed** for the first time Wednesday the arrest of Mullah Abdul Ghani Baradar, a top Afghan Taliban commander, but refused to release the place of arrest or operational details.

■ **Somali troops massed** in Mogadishu for an offensive against Islamic militants. **3**

■ **Iran criticized** the U.S.'s accusation that the country is becoming a military dictatorship run by elements of the militant Islamic Revolutionary Guard Corps. **7**

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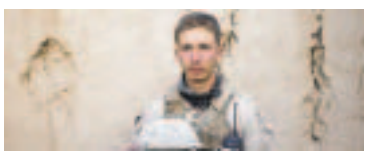

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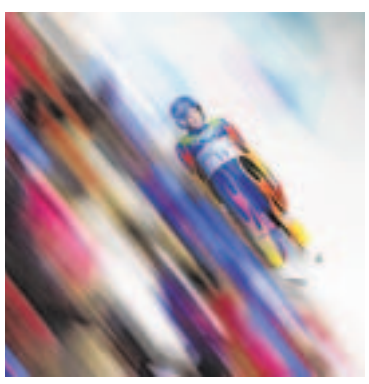

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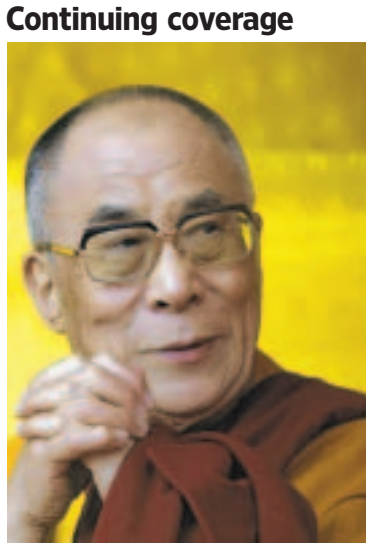

Follow developments on Obama's expected meeting with the Dalai Lama at **asia.wsj.com**.

Heard on the Runway

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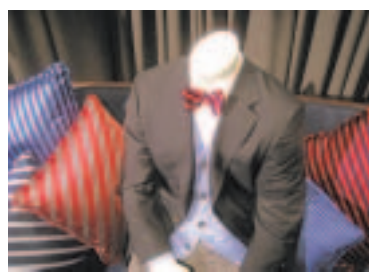
Brooks Brothers, maker of iconic striped repp ties and other menswear staples, plans to launch a line of home furnishings this fall.



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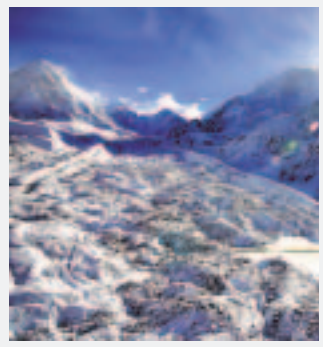

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WORLD NEWS

Somali troops gather

Government plans antirebel offensive; residents flee Mogadishu

Somali government troops massed in Mogadishu for a planned offensive against al Shabaab, the powerful al Qaeda allied-militia that has been trying to topple the government.

*By **Sarah Childress** in **Nairobi, Kenya***
*And **Abdinasir Mohamed** in **Mogadishu, Somalia***

Government and African Union officials say the goal is for the Somali troops, backed by U.S.-trained African Union forces, to carve out a secure area of Mogadishu, Somalia's capital.

Achieving that objective would provide breathing space for the Somali government to function, and the opportunity to win support from a fractious and insecure public, officials say.

The strategy takes a page from U.S. counterinsurgency operations in Afghanistan and Iraq, where strengthening a weak government has been seen as pivotal in the U.S.-led wars against Islamic militants.

"We have our troops trained and equipped now, so they are ready to clear the rebels out of the country," said Somali Security Minister Abdullahi Mohamed Ali.

After nearly two decades of war, the current government barely exists beyond the tiny pocket of the capital it controls. Members of an underpaid Somali force have been known to defect or sell weapons to militants.

Ahead of the offensive, Mogadishu residents have packed into cars and buses by the thousands to flee to makeshift camps outside the city. In the past two weeks, an estimated 15,000 people have been displaced from Mogadishu, according to the United Nations, and some 85,000 have been displaced across the country since Jan. 1.

A recent statement from the office of the U.N.'s humanitarian coordinator, Mark Bowden, said the high figures suggest that "all parties"—which would include government and African Union troops—are involved in "indiscriminate and disproportionate use of force against civilians."

The government has attributed such allegations to insurgent propaganda. Gaffel Nkolokosa, a spokesman for the African Union mission in Somalia, denied any such actions by African Union troops.

Mogadishu resident Abdiyo Hussein was preparing to leave the city for the sixth time since 2007, to take refuge in a camp. "I'm no longer hopeful of the government or the rebels," she said. "The rebels execute people meaninglessly, and the government shells civilians. So we are hopeless."

An estimated 3.2 million people, more than 40% of the population, need emergency humanitarian assistance, according to the Food Security and Nutrition Analysis Unit, an international project in Somalia.

The crisis has deepened as the U.S. and the U.K., the largest donors of food assistance, gave less than half of their planned contributions last year, according to Kiki Gbeho, head of the U.N.'s office for the coordination of humanitarian affairs.

The U.K.'s suspension was largely because of reports of missing food shipments, while the U.S. wanted assurances that supplies weren't being diverted to al Shabaab and other militant groups.

Mr. Bowden of the U.N. said al Shabaab has asked local U.N. staff to pay fees in regions they control, but said, "I don't think there's anything that would constitute diversion," of the humanitarian assistance.

Al Shabaab has been blamed for a raft of suicide bombings and other attacks targeting Somali officials. The group this month confirmed it was cooperating with al Qaeda insurgents in the region, as U.S. and Somali officials had suspected.

While the Somali government offensive isn't likely to dislodge al Shabaab, some analysts say it might weaken the group enough to encourage defections from top commanders and raise tensions among different factions.

Analysts say a rift has also emerged between foreign fighters and Somali militants.

Agence France-Presse/Getty Images

A Somali government soldier walks past a public transport vehicle in southern Mogadishu on Wednesday.

The journey of a star, captured in a flash.
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LOUIS VUITTON

Malaysia canings

Punishment is used on females for the first time, raising concerns

By James Hookway

Malaysian authorities said Wednesday that officials caned four Muslim men and, for the first time, three Muslim women this month after being found guilty of having sex out of wedlock.

The move to cane the women under the country's Islamic Shariah laws has raised fresh concerns about the growing political and judicial influence of Islam in what traditionally has been one of the world's more moderate Muslim nations.

The vibrant, resource-rich country came under intense international scrutiny last year after a Shariah court sentenced 32-year-old Kartika Sari Dewi Shukarno to be caned after she was caught drinking beer in a hotel bar. Many moderate Muslims and non-Muslim Malaysians saw that verdict as reflecting the growing reach of Islam in Malaysia over the past several years, although Prime Minister Najib Razak has said he won't let Malaysia drift toward becoming an Islamist state.

The caning of Ms. Kartika, who is a Muslim, still hasn't been carried out despite her requests to the Islamic courts to get it over with.

Wednesday's announcement that three Muslim women were caned on Feb. 9 for having illicit sex thus came as a shock to many Malaysians. "This was a big a surprise. We had no idea this was going to happen," said Ragunath Kesavan, president of the Malaysian Bar Council. "We were always told Ms. Kartika would be the first."

Home Minister Hishammuddin Hussein waited more than a week before announcing the punishment at a news conference following the government's weekly cabinet meeting Wednesday. He didn't provide details of the women's identities. Later in the day, Mr. Hishammuddin said in a statement that four men also were sentenced and caned in connection with the case. They also weren't identified. All seven were found guilty of illicit sex and sentenced by a Shariah court in the Kuala Lumpur area between December 2009 and January 2010.

"I hope this will not be misunderstood, so that it defiles the sanctity of Islam," Mr. Hishammuddin said. "The punishment is to teach and give a chance to those who have fallen off the path to return and build a better life in the future."

Two of the women and the four men were struck six times, while the other woman was struck four times.

Mr. Hishammuddin said that a doctor was present at the canings, which took place in male and female prisons, and that the offenders weren't tied. The women were seated while they were struck, and no injuries were reported. The idea, the officials previously have said, is to humiliate rather than injure—unlike the canings administered to drug pushers and other violators of civil laws, which can sometimes leave deep scars.

Some analysts ascribe the increasingly political role of Islam in the country to race-based politics. ... Tensions between Muslims and non-Muslims have escalated.

The offenders, Mr. Hishammuddin said, were then "advised on ways to repent and to get closer to Allah."

Malaysia has a two-track legal system in which Shariah laws are applied to its majority Muslim population, while its large ethnic-Chinese and Indian minorities answer only to civilian courts. Political analysts say the rapid growth of Malaysia's Shariah court system in recent years, however, is threatening to undermine the country's reputation as a tolerant, progressive Muslim nation that has been able to attract sizable foreign investments in manufacturing and services.

"As Shariah courts expand their reach, there is a question of jurisdication—about whether there should be corporal punishment at all," said Mr. Kesavan, the bar council president. "We think it is degrading, and as Malaysia evolves towards adopting international standards in other areas, we should observe international standards in legal matters, too."

Some analysts have ascribed the increasingly political role of Islam in the country to the country's race-based politics. Many ethnic-Malays view their Islamic faith as a symbol of their racial identity and a sign of their privileged economic status, which includes a wide range of affirmative-action policies providing them preferential treatment over non-Malay minorities.

The country's increasingly Islamic outlook also reflects the growing political role of the faith as the ruling National Front and the Pan-Malaysian Islamic Party—one of the main parties in an opposition coalition—compete to demonstrate which has the strongest Muslim credentials.

"Islam is a big part of the equation here," says James Chin, a political-science professor at the Malaysian campus of Australia's Monash University.

Tensions between Muslims and non-Muslims also have escalated since a court ruling on New Year's Eve that allowed Christians to use the term "Allah" as a translation for "God" in their Malay-language publications. That triggered protests among Muslims who demand that Islam be protected, and led to attacks on a number of churches and the desecration of a mosque. The government immediately appealed the ruling.

Opposition leader and Muslim moderate Anwar Ibrahim, meanwhile, is now on trial for allegedly sodomizing a male aide in 2008—a charge that he denies and that he says was fabricated to destroy his political career. The government denies have anything to do with the allegations against Mr. Anwar.

—Celine Fernandez in Kuala Lumpur contributed to this article.

Singapore export gains slow

By Sam Holmes

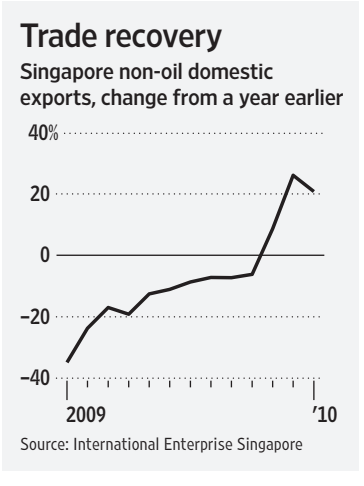
SINGAPORE—Singapore's key exports grew slower than expected in January, mostly due to a weak pharmaceuticals sector, although resilience in electronics exports suggests the island-state's trade recovery is likely to continue in 2010.

Nonoil domestic exports rose 20.8% in January from a year earlier, the trade promotion agency International Enterprise Singapore said.

The expansion followed an unrevised 26.1% increase in December 2009 and was weaker than the 34.5% rise tipped by the median forecast of seven economists polled by Dow Jones Newswires.

The double-digit, year-to-year increases in the past two months are largely due to very low bases from a plunge in exports a year earlier, which followed a serious deterioration in global trade.

Standard Chartered Bank economist Alvin Liew said the recovery in nonoil exports is likely to moderate in 2010.



"While we remain optimistic that 2010 nonoil domestic exports should see recovery, albeit at the high-single digit rates, 7% to 9%, the data today show that Singapore's export sector remains vulnerable, as the external recovery remains moderate, while the nonelectronics sector could add volatility to the export recovery outlook in 2010," Mr. Liew said.

Singapore's pharmaceutical exports dropped 29.7% in January, a reversal from December's 75.7% rise. The pharmaceutical sector's exports numbers are prone to volatility given the relatively few players in the industry. As such, the sector can skew the broader export data series.

Electronic exports rose 22.7% from a year earlier, while nonelectronic exports rose 19.6%.

Exports to the U.S.—Singapore's single-largest export market—rose 15.6% from a year earlier after a 5.9% rise in December. Shipments to the European Union fell 31.4% from a year earlier after rising 27.4% in December. Exports to China rose 75.9% from a year earlier after rising 19.9% in December.

Exports fell 8.9% from the previous month in seasonally adjusted terms.

—P.R. Venkat contributed to this article.

中国实时报
CHINAREALTIMEREPORT

Most private analysts who study China think its economic recovery lost some momentum in the fourth quarter of 2009, a new poll by The Wall Street Journal shows.

The finding runs counter to official statistics that indicate a recent acceleration in growth, and highlights the conflicting signals China's economy is sending at a time when the leadership is trying to contain potential bubbles without derailing the expansion.

The median estimate in the Journal's poll put growth in China's gross domestic product in the fourth quarter at 10.1% over the previous quarter on an annualized, seasonally adjusted basis—the way that most major economies measure growth. That is down from the median estimate of 10.7% growth for the third-quarter.

China's statistics bureau reports GDP growth in year-on-year terms, and the difference can be significant. It said last month that the nation's GDP grew 10.7% in the fourth quarter from a year earlier, a growth rate that accelerated from the third quarter's 9.1%. Even before those strong numbers were released, China's central bank had already signaled a new and tougher stage in policy by starting a series of increases in banks' reserve requirements, measures that reduce funds available for lending.

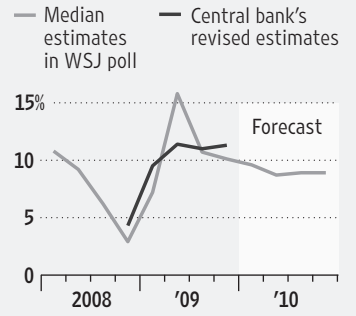
But at turning points like these, year-ago comparisons aren't that helpful: they just show that China's economy is now doing much better than it was during the depths of the financial crisis in late 2008. What's more important is how the economy is doing now relative to a few months ago. That is why the U.S. and most other big economies also use the quarter-on-quarter, seasonally adjusted measure. (Ma Jiantang, the head of China's National Bureau of Statistics, has said his agency will start publishing such estimates this year.)

The Journal has been trying to help fill this gap by regularly polling economists who make their own estimates of quarter-on-quarter, or sequential, growth. In the latest poll, eight of the 10 economists who responded thought growth in the fourth quarter was slower than in the third quarter, and most are forecasting a further gradual slowdown over the rest of 2010 to around 9%.

China's policy makers are aware that year-on-year comparisons will flatter current growth rates. The importance of using sequential estimates of economic growth was recently highlighted by Premier Wen Jiabao himself.

"We must take full account of the base effect from last year, strengthen the sequential analysis of major economic indicators and closely follow changes in market demand, in order to accurately appraise the trend and make macroeconomic policies more targeted and effective," Mr. Wen said at a State Council meeting on Jan. 19, according to a government statement.

But on which set of sequential estimates will the government base its policy? As with the Journal's previous surveys, economists' estimates varied widely—a sign less of sharp professional disagreements than of the incomplete data they have to work with. The difficulties were aggravated this time by the National Bureau of Statistics' recent revision of GDP estimates for 2008, which the bureau has yet to fully reconcile with previously published figures.



Complicating the picture further are newly revised quarter-on-quarter growth estimates from the People's Bank of China. These show a remarkably smooth trajectory: after bottoming at 4.3% in the fourth quarter of 2008, annualized growth had recovered to 11.4% by the second quarter of 2009, eased to 11.0% and then picked up again to 11.3% in the fourth quarter.

That is quite different from what most economists in the poll think happened: a growth surge in the second quarter last year as the stimulus hit, and then a gradual slowdown as its impact waned. While the central bank's previous estimates had been within the range of figures that other economists had come up with, several private economists said they didn't understand how the central bank arrived at its revised figures.

If policy makers are focusing on the acceleration shown in both the headline year-on-year growth rates and in the central bank's quarter-on-quarter estimates, they could be more willing to take aggressive measures to slow economic growth. But many analysts believe China's economy is already cooling off: authorities have been slowing down new bank lending since the second half of 2009, and growth in new infrastructure projects and real-estate sales is also down.

The respondents to our latest survey include economists on the staff of **Bank of America-Merrill Lynch**, **Capital Economics**, **China International Capital** Corp., **Citigroup**, **Deutsche Bank**, **J.P. Morgan Chase**, **Morgan Stanley**, the Organization for Economic Cooperation and Development and **Standard Chartered Bank**, as well as the independent economist Albert Keidel.

—Andrew Batson

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German, French banks fear exposure

Institutions hold more than $900 billion in loans to Greece, other vulnerable EU countries, prompting rescue push

Germany and France have suggested in recent days that rescuing Greece may be necessary to safeguard the euro zone, but both countries may have a more pressing motivation in the move—protecting their own banks.

*By **Vanessa Fuhrmans** in Berlin and **Sebastian Moffett** and Paris*

German and French banks carry a combined $119 billion in exposure to Greek borrowers alone and more than $900 billion to Greece and other countries on the euro-zone's vulnerable periphery: Portugal, Ireland and Spain.

Together, France and Germany's banking sectors account for roughly half of all European banks' exposure to those countries. Nearly half of the outstanding debt is with Spain, according to data from the Bank for International Settlements. The data include government bonds, corporate debt and loans to individuals.

Concern over the exposure has helped to drive down bank stocks in recent weeks. The DJ Stoxx European bank index has fallen 12.5% over the past month against a 7% decline of the broader pan-European index. Among big decliners have been Germany's **Commerzbank**, which had fallen 15% over that period and France's **BNP Paribas**, which dropped 14%.

Meanwhile, the cost of insuring against default at many German and French banks, as measured by credit-default swap spreads for their senior debt, has increased slightly since December.

The fears that French and German banks could fall victim to Greece's debt crisis helps explain why Paris and Berlin have signaled that they would pursue a politically unpopular rescue of Greece—at the same time that they are trying to force Athens to take painful austerity measures.

"What seems to have galvanized minds is the realization that much of European banking is heavily exposed to Southern Europe and Greece in particular," Société Générale economists said in a note to clients late last week.

If Athens were to default, investors may question whether French and German banks could withstand the potential losses, sparking a panic that could reverberate throughout the financial system.

Information on individual banks' exposure is scarce, leaving investors to guess where the greatest dangers lie. The BIS doesn't provide such data.

Deutsche Bank AG Chief Executive Josef Ackermann described his bank's exposure to Greece as "relatively small" last week. The company declined to provide more details about what Greek debt is on its books, or those of other vulnerable euro-zone nations.

Among publicly traded banks, Commerzbank, through its specialist bank for real estate and public finance unit, Eurohypo AG, has one of the largest exposures, analysts say.

Exposure to Spain and Portugal combined make up 19%, or €13.3 billion ($18.09 billion), of Eurohypo's government bond, or public finance, business in the first half of 2009, according to its midyear report.

Troubled mortgage lender **Hypo Real Estate Holding** AG is exposed through its Deutsche Pfandbriefbank unit. The unit said Spain is €21 billion of its total public-sector exposure of €294 billion, while Greece represents roughly €10 billion, according to 2008 figures.

Hypo had to be nationalized last year because of its exposure to the real-estate bubble.

Like a number of German financial institutions, Hypo Real Estate plans to shift about €210 billion in troubled assets into a "bad bank" to help rid its balance sheet of toxic assets. A spokesman for the Deutsche Pfandbriefbank unit, however, said it hasn't been determined whether Greek assets might be among those folded into the structure.

German banks, which have about $240 billion outstanding with Spanish borrowers, have more exposure to Spain than any other European country outside the U.K. Some of the bigger creditors are Germany's public-sector banks, or Landesbanken, and banks to public-sector borrowers, analysts say.

While big European banks have been lobbying governments behind the scenes to aid Greece, banking officials have publicly sought to play down the risk of the euro-zone debt crisis to their industry.

Baudouin Prot, chief executive of BNP Paribas and president of the French Banking Federation, said last week that French banks did not have a particular problem with such assets.

"The exposure of French banks to different countries in the euro zone is completely reasonable," Mr. Prot told reporters.

"I'd remind people that on the whole, the big French banks are active in the euro-zone countries that are, if I may say, by far the most solid, so it's not a particular issue for French banks."

Analysts say the French banks most likely to be exposed are those that own Greek banks, notably **Crédit Agricole**, which owns Emporiki, and Société Générale, which owns Geniki.

Société Générale declined to comment, while a Crédit Agricole spokeswoman said its exposure was not "significant."

Jean Pierre Lambert, an analyst at financial services firm Keefe, Bruyette & Woods, calculates that at least 6% of Crédit Agricole's risk-weighted assets are in Greece. This is the number obtained by calculating the exposure to Crédit Agricole to Greece through Emporiki, he says.

There may be other Greece-related assets on the books of other divisions of Crédit Agricole, France's third-largest bank by market value and is a public company majority owned by French regional banks, but these haven't been disclosed.

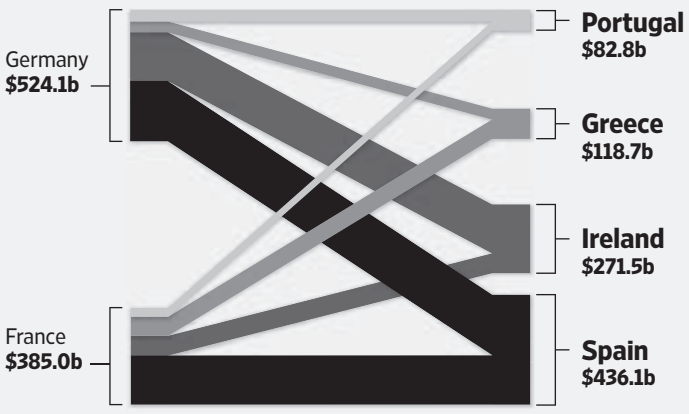
Investors' longer-term fear is that banks would have to begin marking down assets in the affected countries, says John Raymond, an analyst at research firm **CreditSights** in London.

A similar dynamic fueled the financial crisis in the U.S. after write-downs on mortgage and other assets saddled banks with gigantic losses that forced the government to bail them out.

—David Crawford in Berlin contributed to this article.

Out on a limb?

German and French banks' exposure to the debt of Portugal, Greece, Ireland and Spain. Amounts outstanding:



Note: Figures are as of Sept. 30, 2009, and are only for countries whose central banks report to the BIS.
Source: Bank for International Settlements

Muddling through might be the euro's fate

By Andrea Tryphonides

When the euro was introduced to world financial markets on Jan. 1, 1999, it was heralded as one of the most significant events in Europe since World War II. But fiscal chaos in tiny Greece has shined a bright light on some of the common currency's creakier underpinnings.

"The euro was set up as a marriage—til death do the participants part," said Stuart Thomson, chief economist at Ignis Asset Management. "Southern European countries enjoyed a fabulous honeymoon period. We are just seeing the first signs of trouble."

Critics have long expressed doubts about the euro, now used by 16 nations, citing the lack of fiscal unity and the toothless nature of various rules, such as the euro-zone deficit ceiling of 3% of gross domestic product. But the critics have also largely been wrong. Only now are they getting some traction.

Greece's problems have prompted a wide debate about the euro's future, and scenarios range from the radical, such as a breakup of the euro zone, to the more prosaic prospect of plodding ahead, Greek warts and all. The debate alone is damaging. The euro lost 1% midday Wednesday to $1.3626, though it remains above recent lows of about $1.35 reached last week. The common currency is down 4.8% against the dollar this year, something few economists predicted.

Greece's deficits are nearly quadruple the euro-zone limit, raising the prospect of a debt default. Euro-zone leaders have pledged their support to Athens but skirted the details of any potential rescue. Greece needs to refinance €16 billion ($22 billion) in debt over the next few months, which will certainly test the rhetorical approach Europe has taken to the crisis thus far.

"The [European Union] fudge on Greece gives the green light to hedge funds and the like to test just exactly what kind of 'support' the EU has in mind," said Nick Beecroft, senior foreign-exchange consultant at Saxo Bank. He suggested selling the euro because the Greek story still has a long way to run.

While Greece gets the attention, investors are also worried about other countries, too. Portugal, Ireland, Italy and Spain all have large deficits and challenging outlooks. In recent days, Spain and Portugal have successfully sold bonds to investors.

Few believe expulsion from the euro is a realistic option for any of these countries, including Greece. A recent ECB study said a withdrawal from the euro zone would be legally possible but practically unrealistic. It also said that the possibility of expulsion is "close to zero." But the fact the ECB conducted the study raised some eyebrows.

Justin Urquhart Stewart, director and co-founder of Seven Investment Management, suggests there could be a mixture of "euro core" and "euro lite" zones. The former would be dominated by countries like Germany and France and the latter would have a common currency, but also a quasi-local currency next to it or a secondary currency.

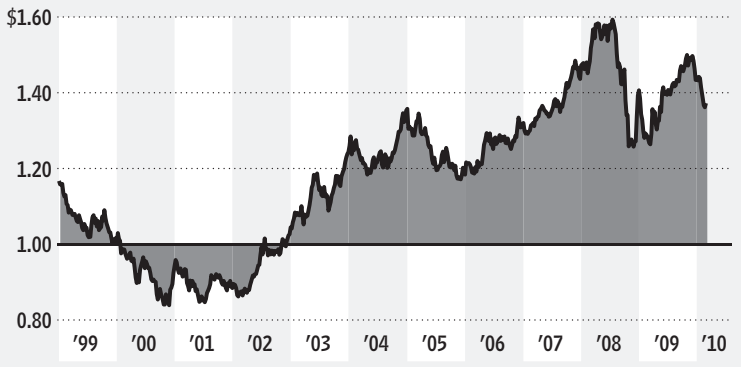
Ultimately, Mr. Urquhart Stewart doesn't want to see the euro destroyed but wants a stronger euro based on core countries, which would provide a better balance against the dollar and the yen.

Some have even pondered whether Germany might leave the euro and re-establish its own currency. There is scant political appetite in Berlin to finance a Greek or any other rescue.

But a German withdrawal is also very unlikely. A newly established German mark would likely appreciate rapidly, placing a huge amount of pressure on Germany's economy.

With dramatic options—a Greek exit or default, or a German exit—facing wafer-thin possibilities, the euro-zone is likely to do what the European Union has often done during its history: muddle through.

Back to the beginning? | How many dollars one euro buys



Note: As of Wednesday afternoon
Source: Thomson Reuters via WSJ Market Data Group

Bloomberg News

Critics have long expressed doubts about the euro, now used by 16 nations.

WORLD NEWS

Old idea, tried in stimulus, draws praise

[Capital]

By David Wessel

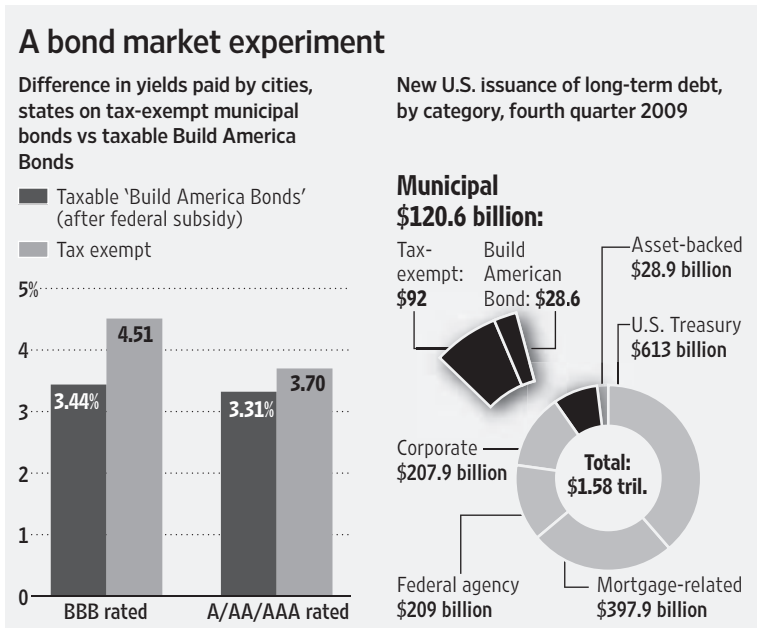
The impact of the much-maligned U.S. fiscal stimulus, now marking its first birthday, will fade over time.

Its tangible legacy, sure to be backdrops for Obama 2012 ads, will be infrastructure projects from the rehab of the Brooklyn Bridge to the new Russian River Bridge in Mendocino County, Calif.

Among the most durable changes, though, may be the way state and local governments borrow. Now, the municipal-bond market isn't on most Americans' list of top 10 things to think about. But it's big: About $400 billion in muni bonds were sold last year, roughly equal to Austria's entire annual economic output. The market undergirds schools, roads and sewer plants in every American town. And it collapsed at the end of 2008.

Because interest on muni bonds is exempt from federal taxes and interest on U.S. Treasury debt is taxed, muni borrowers usually pay 80% or 90% of the U.S. Treasury rate. In late 2008, those muni borrowers who could issue bonds had to pay *twice* the U.S. Treasury rate.

So in an obscure corner of the stimulus bill—where only city treasurers, bond dealers and big-time investors paid attention—a two-year experiment was launched. Cities and states could still offer traditional tax-exempt bonds, attractive only to high-tax-bracket investors.



To broaden the pool of potential investors to those who don't pay income taxes, including foreigners and pension funds, local governments also could offer bonds at higher, *taxable* interest rates—and the federal government would pick up 35% of the interest tab on borrowing done for building projects.

This was hardly a new idea. For decades, economists and tax experts had lectured Washington that what was justified as helping local governments borrow cheaply to finance projects with widespread public benefits was, in large measure, a windfall for rich investors seeking lower tax bills.

As a result, it cost the federal government more than $1 in forgone tax revenue to give $1 of help to state and local governments. Better, cheaper and fairer, they advised, would be for Washington to directly subsidize municipal borrowing.

Congress almost took the advice in 1969, but stiff opposition from mayors, governors and John Mitchell, the municipal-bond lawyer who was then attorney general, killed it.

In 2009, the driving force wasn't fairness or tax reform. It was an emergency. The bond market was closed to most cities and states. Many institutional investors weren't buying, and firms that had been insuring shaky municipal borrowers were imploding. An urgent need to draw new investors to buy muni bonds gave birth to the taxable, federally subsidized "Build America Bonds."

The experiment worked. It helped revive the muni-bond market, keeping local construction projects going. Last year, $64 billion in Build America Bonds were issued in 45 states, about 20% of all muni offerings; this year will be bigger.

Wall Street and U.S. Treasury estimates show that, after the federal subsidy, muni issuers of Build America Bonds save between one-quarter and one-half percentage point on borrowing costs versus issuing tax-exempts. That's $1.25 million and $2.5 million annually on a $500 million bond issue. New York's Metropolitan Transportation Authority figures it saved $46 million over the life of a $750 million Build America Bond issued last spring.

Bond dealers and investment bankers are happy, which, of course, makes everyone else suspicious. The more borrowing, the more money the bankers make, and new choices facing local governments means more demand for Wall Street advice.

Investors are happy, too: Build America Bonds pay more than corporate bonds with similar ratings, even though municipalities rarely default. The big losers: High-end taxpayers who have fewer tax-exempt bonds to buy.

"It was right 40 years ago, and it's right today, and it's nice that something good comes out of the stimulus," says Michael Graetz, a Columbia Law School tax professor who did a stint at Treasury during the George H. W. Bush years.

Today, beneath partisan gunfire and ideological clashes in Washington, one of the few things on which Democrats and Republicans in the Senate agree is that Build America Bonds should be made permanent. The program probably will be.

It succeeded in part because Washington was so generous, deliberating trying to stimulate local borrowing and building during the recession.

In making the program permanent, the president would broaden purposes for which the bonds can be issued and reduce the subsidy to 28% of the interest tab from 35%, mainly to reduce the cost to the Treasury.

The smaller subsidy would make issuing tax-exempt bonds attractive to local and state governments in some circumstances and make buying them attractive to upper-income investors, especially if President Barack Obama manages to raise their tax rates. Keeping the traditional tax-exempt muni-bond market alive a while longer is prudent; it could be an important safety valve if local and state governments meet stiff competition from corporate borrowers in the taxable-bond market when the economy revives.

Sometimes, the system works.

U.S. housing, industrial data show gains

By Luca Di Leo And Jeff Bater

WASHINGTON—U.S. home construction and industrial production both rose in January, government reports showed Wednesday, providing further evidence of the economy's gradual recovery.

Housing starts climbed 2.8% to a seasonally adjusted 591,000 annual rate compared with the prior month as builders recovered from a bout of bad weather, the Commerce Department said. However, new building permits dropped, a sign the housing sector is improving slowly.

A separate report showed manufacturers continued to lead the recovery, with industrial production rising for the seventh-straight month and by more than expected in January.

Economists surveyed by Dow Jones Newswires had forecast a 5.9% increase in January housing starts. The pace of 591,000 was the strongest since July 2009. Housing starts have gone up three times in the past six months.

Single-family permits, the key number in the housing report, and apartment construction both rose in January. In another positive sign, December starts were revised up, falling 0.7% instead of the 4% drop that was reported originally. Bad weather slowed builders in December, when permits had surged.

"Both starts and permits are on track to rise this quarter, which could lead to a small increase in real residential investment spending by the second quarter," said Abiel Reinhart, economist at J.P. Morgan Chase.

Associated Press

President Obama hailed the economic-stimulus package on its year anniversary.

The housing sector, one of the worst hit during the recent recession, has been slowly improving. Year over year, housing starts in the U.S. last month were 21.1% higher than the pace of construction in January 2009, which was the pit of the economy's downturn.

Last month's single-family housing starts compared with December rose 1.5%, to 484,000.

Apartment construction—housing with two or more units—rose 9.2%, to 107,000. Within that multi-family category, groundbreakings of homes with five or more units were 17.6% higher.

Regionally, housing starts last month climbed 1% in the South, 10% in the Northeast, and 8.9% in the West. Construction fell 3.2% in the Midwest.

Meanwhile, the Federal Reserve said that industrial production rose 0.9% in January as car and parts output surged. Economists surveyed by Dow Jones Newswires had expected a 0.8% increase. Car and parts output rose 4.9%. Excluding autos, production in all other industry increased 0.9%. Utilities output rose by 0.7%. Utilities capacity use increased to 83.1% from 82.7%.

The U.S. economy expanded for the second consecutive quarter in the final three months of 2009, boosted by inventories and the government's stimulus measures.

"The growth in exports and the inventory swing should sustain the solid performance in manufacturing throughout the first half of 2010," said Thomas Duesterberg, president of the Manufacturers Alliance/MAPI.

With the U.S. economy's recovery in place, investors are starting to pay more attention to readings on inflation.

A separate government report Wednesday showed U.S. import prices rose for the sixth-straight month and by more than expected in January, led by sharply higher oil and gas prices. Prices of goods imported into the U.S. rose by 1.4% in January compared with December. Economists surveyed by Dow Jones Newswires had expected a 1% gain.

Fuel import prices rose 5.3%, accounting for around three quarters of the increase in all import prices.

In another surprising twist, food prices rose by 1.3%, the largest increase in five months.

Outside of volatile energy and food prices, however, there have been few signs that inflation is heating up, giving the Fed continued reason to keep interest rates low.

The Fed will get more readings on inflation when the government releases the closely watched January producer and consumer prices Thursday and Friday, respectively.

—Darrell A. Hughes and Judith Burns contributed to this article.

U.K. reports unemployment rose in January

By Ilona Billington And Natasha Brereton

LONDON—British unemployment rose sharply in January after two months of declines, highlighting the fragility of the economic recovery, while average earnings rose at a record-low pace for a third straight month, data showed Wednesday.

Minutes from the Bank of England's February Monetary Policy Committee meeting also showed policy makers unanimously approved suspending the bond-buying program in February, but that for some members it was a close call.

The releases keep the possibility of further BOE easing alive, and signal that the central bank will maintain loose policy for some time.

The Office for National Statistics said the widely watched claimant count measure of unemployment increased by 23,500, the biggest rise since July 2009. The jobless rate remained at 5%. The increase, which compared with a revised fall of 9,600 in December, surprised economists who had forecast a fall of 13,500.

"Unemployment is lower than everybody expected last year, but we still need to do more to support the recovery, secure the recovery and help get more people back into work," said Yvette Cooper, secretary of state for work and pensions.

U.S. increases pressure on Iran

Tehran says West will 'regret' sanctions

By Peter Spiegel And Chip Cummins

WASHINGTON—U.S. Secretary of State Hillary Clinton's accusation this week that Iran is becoming a military dictatorship run by elements of the militant Islamic Revolutionary Guard Corps is the public expression of conclusions privately drawn by American officials and Obama administration advisers for months.

Senior U.S. officials and Iran analysts said, however, that by going public with those findings at a high-profile event in the Persian Gulf, the administration may be able to rally world opinion against the elite military group in a way it has yet to manage against the religious leaders who sit atop the regime.

Gordon Duguid, a State Department spokesman, continued to press the administration's case on Tuesday, saying the Islamic Revolutionary Guard Corps, or IRGC, is "currently in control" of nine of 22 cabinet ministries, "an unprecedented level since the Islamic Republic was established" in 1979.

U.S. officials acknowledge that focusing on the Revolutionary Guards also allows Washington to target an organization that is—through its paramilitary militia, the Basij—primarily responsible for the violent crackdown against demonstrators in the wake of June's presidential elections.

The U.S. administration has faced months of criticism from human-rights advocates for not backing Iranian dissidents more vociferously.

"The IRGC is a convenient target because it's the entity that manages Iran's nuclear program, it's the entity that liaises with extremist groups throughout the Middle East, and it's the entity which is overseeing the brutal crackdown on the Iranian people," said Karim Sadjadpour, an Iran expert at the Carnegie Endowment for International Peace.

Iran's president and foreign minister both criticized Mrs. Clinton's remarks on Tuesday and vowed to continue efforts to enrich uranium to a higher grade than before. Foreign Minister Manouchehr Mottaki took on Mrs. Clinton directly, saying it was the U.S. that has been acting like a military dictatorship in the Middle East, citing civilian casualties in Iraq and Afghanistan.

"We recommend Clinton and other U.S. statesmen open their eyes to realities in the region, even one time," Mr. Mottaki said, according to Iran's Press TV. Later Tuesday, President Mahmoud Ahmadinejad said Western powers would "regret" any sanctions move against the country.

It was unclear whether Mr. Ahmadinejad was talking specifically about retaliation for economic sanctions, but state media late Tuesday suggested that is what he meant. Press TV, the English-language, state-run news agency, ran a headline saying, "Ahmadinejad Warns Sanctions Would Have Consequences."

"If anybody seeks to create problems for Iran, our response will not be like before," the Iranian president told a news conference in the capital, Tehran, on Tuesday. "Something will be done in response that will make them regret it."

Senior U.S. officials from agencies ranging from the Treasury Department to the Pentagon have increasingly argued that, while the IRGC has grown in influence in Tehran for decades, the large-scale public protests following last year's disputed presidential elections have forced Iranian leaders to lean more heavily on the elite security forces to maintain their hold on power.

Just last month, in an address to the Institute for the Study of War in Washington, the commander of U.S. forces in the Middle East, Gen. David Petraeus, argued that Iran has transformed from a "theocracy" into a "thugocracy."

Agence France-Presse/Getty Images

Mahmoud Ahmadinejad

Clamping down

The U.S. has placed sanctions on companies and individuals associated with Iran's Islamic Revolutionary Guard Corps.

- **Khatam al-Anbiya Construction Headquarters:** the Guard's engineering arm, which the IRGC uses to generate income and fund operations, and 12 subsidiaries, four of which were added last week.
- **Bank Melli:** Iran's largest bank, which serves the IRGC and the Qods Force, its international arm.
- Five IRGC officers, one of whom, **Gen. Rostam Qaesem**, was added last week. He commands Khatam al-Anbiya.

Source: U.S. Treasury Department

For more information, please
contact your local IFA investment advisor
on www.investinfrance.org
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Small banks target wealthy Asian clients

Boutiques aim to win customers among those unsatisfied with bigger rivals

By Laura Santini

HONG KONG—Within Asia's private banking scene, several new entrants in the region argue that small is better.

A handful of small private banks, advisers and start-ups, are setting up here in a bid to grab market share from mammoth investment-banking competitors. They are trying to benefit from dissatisfaction among wealthy clients with advice they received during the financial downturn.

"The timing has never been better," says Urs Brutsch, founder of Hoffman & Partners Wealth Management (Singapore) Pte. Ltd., which started up last year after Mr. Bratsch and several colleagues defected from Clariden Leu Ltd., a unit of Swiss Banking Giant Credit Suisse. Before starting his Asia-focused firm, Mr. Brutsch headed Clariden's business in the Asian-Pacific region. He declined to disclose how many clients have joined him at his new firm, or its current assets under management.

"The banks have screwed up quite a bit in the last few years, and independence has never had more value," Mr. Brutsch says.

Although some parts of Asia escaped the worst of the economic downturn, some high-net-worth individuals in Asia were hard hit, especially in Hong Kong, where many clients got caught in highly leveraged structured products that were difficult to exit from and wiped up huge chunks of savings. At the end of 2008, assets of high-net-worth individuals in Hong Kong had plunged around 65%, to $181 billion total, according to a 2009 report released by Merrill Lynch Global Wealth Management and consulting firm Capgemini.

Smaller firms argue that as boutiques, they aren't tied to complex products cooked up by in-house investment-banking divisions. Their independence, they say, keeps their private bankers from simply trying to peddle products that may not mesh with a particular client's overall risk levels or goals.

Asia today also represents the biggest growth market for wealth managers. The high-net-worth populations in China and India, for example, will nearly triple in the decade ending in 2018, adding about $4 trillion in individual wealth, according to the Merrill Lynch/Capgemini study.

The big firms aren't sitting on their hands. Credit Suisse and J.P. Morgan still say the region stands out as the fastest growing globally in terms of assets. The head of J.P. Morgan's international private bank, Douglas Wurth, just moved to Hong Kong from New York to take a new position heading all private banking markets outside of North America.

Marcel Kreis, head of private banking in Asia at Credit Suisse, counters criticism that big banks added well-connected private bankers indiscriminately during the boom hiring years of 2006 and 2007. The big banks are also client-oriented, and not tied to proprietary trading and investments, he says.

"We now have much more of a focus on hiring bankers with more experience," he says.

But some private bankers say that because many Asian fortunes are self-made, rather than inherited, relationships with outside advisers are being forged now, rather than handed down. For newcomers and niche players, that means the field is wide open. Small private banks are eager to characterize the big banks as impersonal, product-pushers.

BSI, a Switzerland-based private bank that is part of Italian insurer **Generali Group**, has moved aggressively. Late last year, it hired 70 private bankers from **RBS Coutts Bank** in Singapore. Next month, Hanspeter Brunner, formerly of RBS, will take over as BSI's chief executive in Asia, also based in Singapore.

Switzerland's **Bank Sarasin & Co.** is another niche player aggressively seeking expansion in the region. Between December 2007 and June 2009, Bank Sarasin's private wealth assets in Asia and the Middle East rose nearly 30% to 10.8 billion Swiss francs (US$10.1 billion), a spokeswoman said. In its effort to pursue Asian money with even more vigor, Sarasin is opening a private banking branch in Hong Kong next month. To get the word out, the firm had draped a banner across an office building at the corner of two major thoroughfares in the city's busy Central district.

The 169-year-old private bank is also applying for approval from Singaporean regulators, expected to be granted in 2011, for a license allowing it to accept deposits in the local currency, which could increase its base of local clients.

As well, the Swiss bank is boosting headcount in Asia by poaching experienced private bankers from bigger rivals. Most notably, it hired Grace Barki to head its Southeast Asia business from **UBS**, where she led efforts in Indonesia and the Philippines. Another UBS recruit, Febby Avianto, joined to head Sarasin's Indonesia team, a market he focused on while at his previous employer.

Even nonfinancial firms see an opportunity to step in. U.K. law firm **Herbert Smith** LLC recently decided to expand its private client business to Asia, where, until now, it has offered its services strictly to corporate clients.

Rupert Ticehurst, a London-based partner at the firm who will lead the effort, says Asian business owners were increasingly asking for help with personal matters, such as succession planning, taxes, trust services and charities. In addition, a spokesman said, the law firm's practice in Europe had less to do there amid the recession. "I did a tour of private banks in Asia, and discovered there aren't many private client lawyers here," Mr. Ticehurst says.

SARASIN
"The creation of a thousand forests is in one acorn"
Presenting the opportunities of our new Hong Kong Branch
Sustainable Swiss Private Banking since 1841

Rosa de Acosta/The Wall Street Journal

Bank Sarasin's advertisement for its new branch, which will open next month in Hong Kong

Reuters

Gold medalists Shen Xue and Zhao Hongbo

Just how much is a gold medal worth? How about a silver?

By Brett Arends

How much gold is there in those Olympic medals? What are they worth?

And now that gold has boomed to more than $1,100 an ounce, should athletes forgo framing the thing and just, um, you know ... melt it down the moment they get the medal home?

You've wondered the same thing.

The deal: No, those gold medals aren't solid gold. They're actually silver, and then plated with six grams of gold.

The medals at the Vancouver Games are worth a lot more—in purely bullion terms, at least—than medals handed out in the past few decades. That's because they're pretty big—and because gold and silver prices have been on a 10-year tear.

How big are these medals? Each Games gets to design its own medals, within certain parameters set down by the International Olympic Committee in Lausanne, Switzerland. Those at Vancouver are among the biggest in history. They're 100 millimeters in diameter, six centimeters thick, and they weigh between 500 and 576 grams.

The medals at the Winter Olympics in Turin, Italy, in 2006 and at Salt Lake City in 2002 weighed less than 500 grams, and those further back were smaller still. Those given at the Winter Games in Lillehammer, Norway, in 1994 were a mere 131 grams.

And while the medals have been getting bigger, the value of the gold and silver has risen a long way, too. Gold bullion has doubled in price since the Turin Games. Silver's up about 70% to $16. Winners can thank—if that's the word—the credit explosion, and the financial crisis, which have helped shake confidence in paper money and central banks.

Bottom line: At today's prices, Vancouver gold medals would be worth about $500 melted down and silver medals just over half that. The bronze medals wouldn't be worth much at all.

By contrast winners at the Sydney Games in 2000 got medals worth a mere $80. The medals were small, and back then gold and silver prices were on the floor.

But in real terms Vancouver's gold and silver medals still aren't worth as much, in bullion, as those handed out during the Lake Placid Winter Games in 1980. Those Games happened to coincide with a giant gold and silver mania.

Gold fluctuated around $670 an ounce and silver around $36—massive spikes by historic standards. Net result: The gold medals contained bullion worth around $360—before inflation. In today's terms, they were worth about $1,000.

Should we really be mercenary about these things? Well, maybe not. But early 1980 proved to be a great time to sell all your gold and silver and throw the money into the stock market. Anyone at Lake Placid who melted down his medal and put the money into a simple stock-market index fund, such as the Vanguard 500 Index fund, would have about $7,200 today—before taxes.

FASHION

At Fashion Week, designers aim for styles people might really don

Labels seek to retain 'editorial' appeal despite clothes' wearability

By Christina Binkley

Outrageous designs, from linebacker shoulders to mile-high boots, have long been the hallmarks of high-end fashion shows. But featured on runways this week is something new: plenty of wearable clothes, albeit with a designer flair.

Derek Lam and Vera Wang on Tuesday showed plenty of neat skirts and office-worthy jackets. Several of Ms. Wang's wool jackets and a pair of loose-legged pants stood out for their clean-lined, architectural look. Mr. Lam said he mixed leather and suede with "honest" fabrics like different types of cotton and merino wool, which are more likely to be affordable to consumers.

Even Marc Jacobs, a master of theatrics, ditched his usual dramatic spectacle on Monday evening. He offered, simply, an elegant collection of dresses, suits and separates—in shoes that could be worn by real people, no less.

The wearability theme is all good news for retailers. Buyers have been watching for clothes they can actually sell as New York fashion week sprints towards its finish on Thursday with a series of big-name shows. Steve Sadove, chief executive of Saks Fifth Avenue, said that New York fashion week has been looking "good" for the luxury chain, though he qualified the remark with "I hope." Sales in the industry have been down for 18 months, and splashy looks aren't working like they used to. Designers want to sell clothes.

"Clothes that you can really do big business with are on the runway," says Nicole Fischelis, Macy's fashion director, citing flirty skirts, soft, feminine blouses and easy-to-wear clothes "you can play with."

Still, within the industry, "wearable" is not necessarily a compliment. It suggests plain-looking clothes that are insufficiently "editorial"—that is, not exciting enough to be rate a spread in a fashion magazine.

No one is more aware of this than Vera Wang, who was an editor at Vogue before launching her designing career. In addition to the wedding gowns that made her famous, Ms. Wang also has a more avant-garde line of clothes, called Vera Wang, which she shows at New York fashion week.

Ms. Wang, like other designers, has struggled with a tough economy this year. "It's a scary transition moment," she says. When asked how this is reflected in her fall 2010 collection, Ms. Wang alluded to the fashion industry's mindset. "Well, my clothes are incredibly wearable," she said backstage before her show Tuesday. "It's loaded. Sometimes it means you're not editorial enough." Then she turned to embrace Vogue editor Anna Wintour, who had stepped backstage to say hello.

Even Rodarte offered relatively wearable clothes—for a label that in the past has sent sculptural items that weren't identifiable as clothes down the runway. There were loads of sweet pink dresses in floral prints. The dresses weren't simple, with mixtures of patterns and textures sewn together, and it would require a certain bohemian personality to wear them.

This season, Rodarte hit on a number of emerging fall 2010 trends—including embellished leggings and a heavily layered look (three pairs of socks of various lengths on each foot, pants under a skirt, or several shirts and sweaters). It was an entirely artistic collection, with combinations the Mad Hatter would love. What's more, there were "editorial" elements: Next fall, look for the yarn-fringed shaggy-rug type sweaters in your favorite high-end fashion magazine.

In catering to price-conscious consumers, Badgley Mischka went a step further and divided its show into two sections, the first devoted to red-carpet-worthy gowns and the rest focused on a lower-priced line called Mark & James (the designers' first names) targeted to the young and trendy.

Another lower-priced line, Marc by Marc from Marc Jacobs, continued a trend seen this week of using heavier woolens. The look was often military. One men's suit, in heavy gray wool, was cut with cargo pants that had huge pockets on the leg.

The presence of Elie Tahari in Bryant Park speaks to the practical mindset in the industry. For years, this relatively accessible designer held intimate presentations. For his runway show, he turned up the volume with looks like a knee-length braided fox vest.

As Ms. Wang's show played out, it wasn't clear that every woman would find her clothes so wearable. The tailored looks will fit many bodies, but many of the jodhpur-style pants, made of soft drapey fabrics, will work only on long-legged, thin women.

Still, dark colors and dramatic embellishments like Mongolian lamb would make her clothes a good choice for events. Indeed, Ms. Wang's collection maintained the art-gallery look she likes to wear herself. "I try on every jacket," she said.

—Rachel Dodes and Ray A. Smith contributed to this article.

From far left, a creation from the Derek Lam Fall 2010 collection; a model's runway shoes at a show for the Vera Wang Fall 2010 collection; models dressed in Marc Jacobs this week in New York; a model in a Vera Wang creation.

(Clockwise from right) Reuters(3); Associated Press

THE MART

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THE CLIMATE DEBATE

Agence France-Presse/Getty Images

A U.N. group was criticized for its view of the threat to Himalayan glaciers.

Climate controversies give openings to critics

Debate rages on role of man-made changes

By Gautam Naik And Keith Johnson

The spate of recent controversies about climate research has given fresh voice to a group of scientists who question the mainstream view that human activity is warming the planet to dangerous levels.

Very few scientists disagree that the earth's climate has warmed since 1850. But some have long argued that there are too many uncertainties about man's role in the warming, and that other factors, such as solar activity and the greenhouse effect of clouds, could account for a large part of the observed warming trend. Among this group are researchers who have criticized the limitations of past temperature records and mathematical models used to forecast future effects.

Such views are getting a fresh airing on the heels of two recent controversies dogging climate researchers. A United Nations group, the Intergovernmental Panel on Climate Change, or IPCC, has been heavily criticized for publishing an unsubstantiated claim that Himalayan glaciers would entirely melt away by 2035. A recent report also included several other claims later found to lack a scientific basis, including predictions of the impact of climate change on agriculture in Africa and the retreat of Amazonian rain forests, among others.

News of those discrepancies followed a scandal in Britain where the publication of hacked emails of climate scientists suggested they had declined to share their data with fellow researchers and tried to squelch dissenting views about climate change.

It's too soon to tell whether the critics' views will force the scientific community to revisit the prevailing view of man-made climate change. Many of their colleagues remain resolute in their stance that global warming is caused mainly by humankind. The IPCC in recent interviews has said its errors, while serious enough to make the organization re-examine its procedures, do not change the central point of its influential 2007 report, which concluded that evidence for the human role in global warming is "unequivocal."

"It's important to say that the scandals we've had don't change the fundamental point that global warming is man-made and we need to tackle it," says Bjorn Lomborg, a Danish academic and environmental writer. In his view, "the standard message—that we need to cut a lot of emissions right now or doom is upon us—is not correct." He advocates investments in green technology instead of cutting emissions.

The political fallout from the IPCC's mistakes was evident Tuesday when Texas authorities announced the state was taking legal action against the U.S. Environmental Protection Agency's efforts to curb greenhouse gases under the Clean Air Act. In its filing, the state argued that the information the EPA used to make its decision is based on data from the IPCC. Alfredo "Al" Armendariz, EPA regional administrator for Texas and other nearby states, said he expects the agency's efforts to withstand a court challenge. Virginia's attorney general Kenneth T. Cuccinelli II said Tuesday he has also asked the EPA to delay final consideration of that finding so "newly available information" can be reviewed, reported the Associated Press.

Among the most vocal of the cadre of scientists who have questioned some of the IPCC's recent work is John R. Christy, director of the Earth System Science Center at the University of Alabama-Huntsville and a former contributor to a big 2001 IPCC report. He, like several other of the critics, was repeatedly criticized in the hacked emails.

Dr. Christy spent years comparing temperature data from satellites with ground stations. He concluded that the reliance on a few well-known ground-based measuring stations may vastly overstate how much temperatures have risen. He suggests that surface temperatures are actually measuring an increase in human development—more and bigger cities, more asphalt, more air-conditioning—and not rising temperatures in the atmosphere. Most climate scientists, by contrast, ascribe rising temperatures largely to man's introduction of greenhouse gases into the atmosphere.

Dr. Willie Soon, a professor at Harvard University, believes that changing levels of solar radiation, especially the amount that hits the Arctic, are driving huge, slow changes in climate—much as they did in past centuries. The theory rests on the fact that the sun emits different amounts of energy at different times.

■ BP, Conoco and Caterpillar quit U.S. climate-change lobbying group 20

Another Liberal Crackup

The political retirement of Evan Bayh, at age 54, is being portrayed by various sages as a result of too much partisanship, or the Senate's dysfunction, or even the systemic breakdown of American governance. Most of this is rationalization. The real story, of which Mr. Bayh's frustration is merely the latest sign, is the failure once again of liberal governance.

For the fourth time since the 1960s, American voters in 2008 gave Democrats overwhelming control of both Congress and the White House. Republicans haven't had such large majorities since the 1920s. Yet once again, Democratic leaders have tried to govern the country from the left, only to find that their policies have hit a wall of practical and popular resistance.

Democrats failed in the latter half of the 1960s, as the twin burdens of the Great Society and Vietnam ended the Kennedy boom and split their party. They failed again after Watergate, as Congress dragged Jimmy Carter to the left and liberals had no answer for stagflation. They failed a third time in the first two Bill Clinton years, as tax increases and HillaryCare led to the Gingrich Congress before Mr. Clinton salvaged his Presidency by tacking to the center.

A fourth crackup is already well underway and is even more remarkable considering how Democrats were set up for success. Inheriting a recession amid GOP failures, Democrats had the chance to restore economic confidence and fix the financial system with modest reforms that would let them take credit for the inevitable recovery. Yet only 13 months later, Democrats are down in the polls, their agenda is stymied by *Democratic* opposition, and their House and Senate majorities are in peril as moderates like Mr. Bayh flee the scene of this political accident.

Democrats have responded by blaming "obstructionist" Republicans, who lack the votes to block anything by themselves; or a failure to communicate the right message, though President Obama is a master communicator; or even Madison's framework of checks and balances, though this system has worked better than all others for some 225 years.

John Podesta, who ran Mr. Obama's transition and heads the Center for American Progress that has supplied the Administration's ideas, summed up the liberal-media mood last week when he told the Financial Times that American governance now "sucks." If you can't blame your own ideas, blame the system.

The real source of this mess is the agenda that Democrats have tried to ram through the political system. Far from offering new ideas to reform the welfare state or compete better against rising global powers, Democrats have with rare exception tried to impose the same spending, tax and regulatory agenda that failed in the 1960s, 1970s and 1990s. Mr. Obama was a new face promising new hope, but his ideas are as old as the average Congressional Chairman.

To fix the economy, Democrats sent federal spending to peacetime heights in the name of replacing private investment with "public demand." But instead of spurring recovery, this spending spree has retarded it by frightening the public and business about future tax increases and the rising burden of public debt. The new jobs Democrats promised still haven't arrived, and while the recovery should finally produce job growth this year, Americans know they have received little for their $862 billion in "stimulus."

Evan Bayh

The rest of Mr. Obama's liberal agenda has foundered on its own overreaching implausibility. To fight the speculative threat of global warming, Democrats have tried to impose vast new taxes to raise energy prices. To address rising healthcare costs, they proposed huge new health subsidies and political control of medical decisions. Medicare is heading toward bankruptcy, yet Mr. Obama's response is to make the entire health-care system like Medicare. And to fix the financial system, they have declared war on bankers while proposing reforms that would do little to prevent future bank bailouts.

The central contradiction in modern liberal politics is that Otto von Bismarck's entitlement state for cradle to grave financial security is no longer affordable. The model has reached the limit of its ability to tax private income and still allow enough economic growth to finance its transfer payments.

You can see this in bankrupt Greece, where government spends 52% of GDP; or in California and New York, where the government-employee unions have pushed tax rates to punishing levels and the states still can't pay their bills. Americans can see that this is where Mr. Obama's agenda is also taking Washington, and this is why they are rejecting it.

Can Mr. Obama still make a midcourse correction, a la Bill Clinton after 1994? Of course he can. What we don't know is whether he has the political instincts and nerve to do so. As a creature of Chicago politics and the legal class, he has lived his entire life in precincts dominated by the political left. On the other hand, he says he is not "an ideologue."

Americans have already sent one rebuke to Democrats in the form of Scott Brown's victory in Massachusetts. Now Mr. Bayh, a senior Member of their own party, has sent another by skipping town and putting another Senate seat in play. Our guess is that it will take one more repudiation in November before Democrats relearn that you can't govern America successfully from the political left.

Cap-and-Tax Escape

Tuesday's corporate defections from the U.S. Climate Action Partnership (USCAP) won't be greeted with the same hosannas as last year's departures of Nike and Apple from the Chamber of Commerce over its global warming stance, but they're undoubtedly more important. This scales-from-eyes moment shows that some big American businesses are putting shareholders and consumers ahead of politics.

The departing are BP America, Conoco Phillips and Caterpillar, which were among the original members of USCAP, a coalition of green pressure groups and Fortune 500 businesses that tried to drive a cap-and-trade program into law. Some corporate members concluded that climate legislation was inevitable and hoped to tip it in a more business-friendly direction. Others—ahem, General Electric—are in our view engaged in little more than old-fashioned rent-seeking. Through regulatory gaming, Congress would choose business winners and losers, dispensing billions of dollars in carbon permits to the politically connected.

The climate bills the House passed in August and Senate liberals are contemplating have stripped away that illusion. Carbon tariffs and other regulations would have damaged heavy manufacturing against global competitors, which explains Caterpillar's exit, while oil companies would suffer as transportation, refining and power generation via natural gas were punished. Then there's the harm to long-run growth, which would slow under the economy-wide drag of new taxes and federal mandates.

Businesses thrive on regulatory certainty, and when cap and tax seemed inevitable maybe an outfit like USCAP could be justified. But the costly reality of the climate agenda is resulting in a change of heart among both the business and political classes even as climate science comes under new scrutiny—and we suspect that several other corporations may follow these three to the exits. It's a measure of liberal overreach that they've managed to alienate the biggest companies that were cheerleading their climate ambitions.

Europe Not So Swift

Since its creation after September 11, the Terrorist Finance Tracking Program—known as the Swift program—has been a key antiterror tool. But now this once-top-secret initiative may go out of business, and we can thank the European Parliament.

Citing civil liberties and privacy concerns, the Parliament last week rejected an agreement between the Obama Administration and the 27 European Union governments that gave the U.S. access to financial information from Swift, an international banking consortium. U.S. authorities had direct access to the data until the consortium's American servers were moved to Europe at the end of 2009. Even last-minute lobbying from Vice President Joe Biden and Cabinet officers Hillary Clinton and Timothy Geithner were of no avail.

The Parliament acted despite the fact that the deal already addresses many of its previous privacy objections—and despite the fact, too, that it could further tighten restrictions when the final deal is negotiated later this year. Contrary to popular fears of "data mining," European Commissioner Cecilia Malmström said before the vote that the information remains "anonymous" and "only if there is reason to believe that an identified person is a terrorist can the data of that person be seen." She also told Parliament the data could only be used in the antiterror fight and couldn't be stored for more than five years.

The Parliament seems to have been equally unswayed by the program's manifest successes. So far, the program has produced more than 1,500 reports and numerous leads for U.S. and European security services, according to the State Department. In 2003, it helped net Riduan Isamuddin—better known as Hambali—mastermind of the 2002 Bali nightclub bombing that killed 202 people. The European Commission, which also backed the deal, says the program helped thwart the 2006 Heathrow Airport liquid-bomb plot. Swift data also helped prevent a terror attack on Barcelona, according to Spain's Interior Minister, Alfredo Perez-Rubalcaba.

So far, the media are treating the vote as a stand on principle. The New York Times, which first exposed the Swift program in 2006, wrote that the vote "underlined the differences between the United States and the European union over how to balance personal privacy guarantees with concerns on national and international security."

But the truth is more prosaic and distressing: While pretending to stand on principle, the Parliament was flexing new muscles under last year's Lisbon Treaty—while also indulging anti-American reflex. Previously, the Parliament did not have the power to approve agreements on internal security. And you wondered why we opposed the Treaty.

The vote underscores how slight a difference President Obama's election has made in trans-Atlantic cooperation. Had this decision come two years ago, it would have been cast as a vote of global no-confidence in the Bush Administration. Instead, it is a reminder that countries and institutions cooperate according to their own purposes, some of which have little to do with the merits.

The U.S. and Europe may still salvage a deal, probably through the cumbersome process of negotiating separate treaties with 27 European governments. If the European Parliament thinks that it has made itself more relevant through its obstructionism, its conceit comes at the expense of our collective safety.

OPINION

India's Competitive Edge

[Business Asia]

By Joseph Sternberg

This week has brought into focus a new scramble for Africa—the race for the continent's mobile-phone market. The competition is all the juicier because it's setting India and China against each other. Nigeria's government on Tuesday announced that a consortium including China Unicom, the country's second-largest mobile provider by subscribers, bid $2.5 billion for Nigeria Telecommunications, a struggling state-owned provider. Meanwhile India leader Bharti Airtel on Monday unveiled a $10.7 billion deal to buy the African operations of Kuwait's Zain.

African consumers will decide which of these ventures will prosper—perhaps both will, or neither. While we wait for that verdict to come in, placing bets is certainly allowed. The real issue to bet on is whether a relatively liberal, competitive market at home is determinative of success abroad.

Punters can start by observing of Bharti that you don't become the largest mobile provider in the world's second most populous country by sheer dumb luck. The competition is too fierce. A dozen mobile providers currently duke it out for their share of a large but poor mobile market. Regulators over the years have opened the doors not only to domestic upstarts but also to foreign players. A steady increase in the number of mobile licenses combined with the growing ability to attract foreign investment capital and expertise—foreign ownership is now capped at 74%, up from only 26% in the early 1990s—has spawned a healthy number of vicious competitors.

Handicapping Bharti Airtel and China Unicom's African investments.

Indian mobile providers have been forced to innovate to keep up. Airtel CEO Manoj Kohli trumpeted some of his company's inventions in an op-ed on this page in 2007: a pilot program to give farmers access to commodity-price data; mobile banking services; scooter-based marketing in rural areas. That's just at one company. Oh, and did we mention that Indians pay among the lowest mobile tariffs anywhere? Tata Teleservices, 26%-owned by Japan's DoCoMo, last year started billing voice calls by the second instead of the minute.

This crucible has forced Airtel to forge its most important innovation—its business model. Bharti is more interested in marketing mobile services than in actually providing them. It has pioneered a method of outsourcing nuts and bolts ranging from various IT services to the mobile network itself. Those who expect great things of Airtel in Africa point to this innovation in particular, combined with the Indian company's competitive agility in its home market, as predictors of success.

This all makes for a striking contrast with China Unicom. Luck might not suffice for success in India, but in China's mobile market it's everything. Unicom's particular good fortune is to be one of only three well-connected state-owned mobile companies situated in the world's largest country. It helps that China is governed by an authoritarian regime so skittish about communications that it blocks any foreign competitors from entering the market.

That breed of luck keeps Chinese mobile-call prices so high text messaging is the preferred form of communication. It also has seen Unicom through competitive disasters that might have destroyed a company in India. When Unicom was the unfortunate recipient of a Beijing mandate to deploy the CDMA technology standard in 2002, it hardly mattered that Unicom devised a pricing plan that failed to pull customers away from the more popular GSM-equipped phones they were already using. In the latest round of government-sponsored industry reorganization, Beijing simply handed Unicom's CDMA network to a different company, China Telecom. Unicom likewise has survived the botched roll-out of the iPhone, which hit China two years after its introduction elsewhere, at a higher price, and (at government decree) without the signature wi-fi facility for wireless Internet connectivity.

In fairness, China has had some notable successes abroad in mobile-related markets. Companies like Huawei and ZTE are major players in the African handset field. Huawei last year joined a consortium that plans to build Europe's first next-generation mobile network. Note, however, that these Chinese companies have faced strong competition both at home and abroad, unlike the mobile-service providers themselves.

Unicom, of course, has the advantage of Beijing's deep pockets as the company plants the Chinese flag in Africa. Bharti will have to succeed or fail on its pluck alone. Some might argue that this tilts the scales in Unicom's favor; at a minimum it's a big advantage. But Beijing's money can't buy Chinese companies love overseas. Up to now China's main mobile-services investment abroad has been China Mobile's purchase of a struggling Pakistani provider with about one-third the number of subscribers of the market leader. It's just not competing successfully.

So we come to our last data point before placing final bets: Bharti is buying a company that boasts 42 million subscribers and a market share greater than one-third in 12 of the 15 countries covered by the deal. China Unicom's consortium is bidding on a provider with a subscriber base in the very low hundred-thousands that has already been the subject of one botched privatization attempt and reportedly is 17 months behind paying its staff wages. That kind of mess takes real competitive skill to turn around.

Mr. Sternberg edits the Business Asia column.

Freedom Of Inquiry

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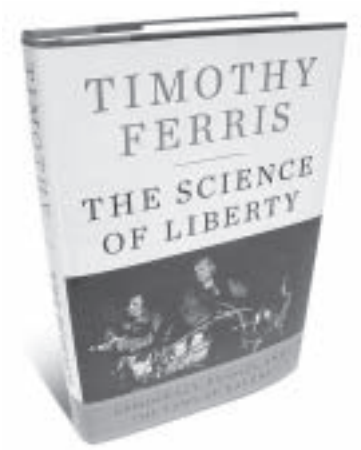

The Science of Liberty
By Timothy Ferris
(Harper, 368 pages, $26.99)

By Alan Pell Crawford

In many ways, July 4, 1776, was a day like any other for Thomas Jefferson. The Continental Congress, it is true, adopted the Declaration of Independence that morning, but this event did not deter its author from performing other duties that were, in his mind, also highly important. "Consulting a portable thermometer," Timothy Ferris tells us in "The Science of Liberty," "Jefferson noted that it was a comfortable 68 degrees at 6 a.m. in Philadelphia on that first Independence Day, rising to 72½ degrees at 9 a.m., 76 degrees at 1 p.m., and falling to 73½ degrees by nine in the evening.

More was involved in this meticulous record-keeping than idle curiosity, but not—as some Jefferson revisionists might argue—neurotic obsession. Working informally with other American colonists, Jefferson was seeking to track air temperatures, wind speeds, barometric pressures and other atmospheric conditions up and down the eastern seaboard. In this way, and countless others, Jefferson and his fellow amateur scientists hoped to add to the storehouse of what they would call "useful knowledge."

Among the Founders, Benjamin Franklin's contributions to science were well known in his time and remain so today. Thomas Paine, however, is remembered mainly as a propagandist though, in his early years, he professed "no disposition for what is called politics," preferring scientific inquiry. He looked into the causes of yellow fever, Mr. Ferris tells us, invented a smokeless candle and corresponded with Jefferson about the capillary action of trees. In 1783, Paine and George Washington conducted an experiment to determine what caused creeks containing methane gas to catch fire.

The Founders would need this information as they sought to establish a new nation, which, they agreed, would constitute an "experiment" in self-government. That they did not know exactly how they might need it troubled them not; its application would be revealed by further experience and observation. Collecting such data—an activity that is, by definition, empirical—is not incidental to the development of democratic institutions. Science and liberty go hand-in-hand, as Jefferson and others influenced by the Enlightenment understood. Each depends on, reflects, and supports the other, and one cannot exist on its own—a fact that Mr. Ferris, in this persuasive, wide-ranging and at times even amusing book, warns us never to forget.

The only societies in which true science has ever thrived, he argues, are those established on the principles of classical liberalism. Where government is limited, science can flourish because it is only under such conditions that free inquiry, on which science depends, is protected. Liberal democracies are also, in an important regard, scientific themselves. There is a provisional aspect to their operations, which are determined not by ideology, but by the messy, often frustrating, trial-and-error ordeal of representative elections.

The only societies in which true science has ever thrived are those based on classical liberalism.

Liberal democracies are laboratories, in a sense, in which winners enjoy the opportunity to experiment. When the policies and programs implemented by a given group of elected representatives are demonstrable failures, these officeholders are chucked out. They are not shot, as in totalitarian societies, nor are the failures they inflict upon us concealed. (Losers instead become lobbyists.)

Mr. Ferris wisely counsels against mistaking the pursuit of knowledge for the pursuit of certitude, which he considers not only unscientific but hostile to science. As he suggests, dogmatism—in the name of science, democracy, or Rousseau's "general will"—leads to the guillotine, the gas chamber and the gulag.

One weakness of this thoughtful and thoroughly entertaining book is that Mr. Ferris might have offered a more satisfactory explanation of how, in the last years of the 18th century, the Enlightenment itself led to such different results in Paris and in Philadelphia, producing a Robespierre there and a Jefferson here. The answer might well lie in the fact that there were, arguably, two Enlightenments.

The French Enlightenment, rationalist and truly revolutionary, came to regard an abstraction called Reason chiefly as a source of power over others, which soon enough soaked the Place de la Revolution in blood. The Scottish Enlightenment, by contrast, constituted a "common sense" empiricism—the sort that reflects Mr. Ferris's own view of science—and led to no such fatal extremes of thought or action. Although its influence on America's revolutionary generation was probably more profound than that of the French *philosophes*, the Scottish Enlightenment is given relatively short shrift in "The Science of Liberty." This is surprising because its influence better explains the Founders' belief in limited government, which was rooted in a sense of how little people know, not how much, and how difficult it is to know anything with certainty.

The system the Founders established "was designed to accommodate an ongoing series of experiments, extending indefinitely into the future," Mr. Ferris writes. "Nobody could anticipate what the results might be, so the government was structured, not to guide society toward a specified goal, but to sustain the experimental process itself." Their modest aim was to make the national government "strong and flexible enough to keep cranking out tolerable results in changing times." In this the Founders succeeded, and Mr. Ferris has contributed significantly to our understanding of why their work has endured as well as it has, and why the projects of others, with more grandiose aims, have known such dismal failure.

Mr. Crawford is the author of "Twilight at Monticello: The Final Years of Thomas Jefferson."

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OPINION

Cambodia's One-Party Future

By Brendan Brady

Phnom Penh

A Cambodian court on Jan. 27 sentenced the country's main opposition leader, Sam Rainsy, in absentia to two years in jail, in a closed-door trial that opposition politicians and rights groups called blatant political persecution. The eponymous Sam Rainsy Party, the largest opposition party in Cambodia, says their power will not be affected by their leader's absence. He has, after all, fled the country before when facing a similar sentence, which was eventually annulled after negotiations with the ruling Cambodian People's Party and the king.

But when and if Mr. Rainsy returns, the promise of the opposition movement appears bleaker than ever—and his leadership is partly to blame. Many civil society groups that were once moved by Mr. Rainsy's calls for transparent and democratic governance are now critical of his party's current direction: They see the party as having lost touch with its original pro-democracy platform and focusing instead on emotional nationalistic disputes with the ruling party.

"The Sam Rainsy Party has become reactionary and lost their core liberal democratic message," says Ou Virak, president of the Cambodian Center for Human Rights. "They have become quite weak, and their future is in great trouble if they keep waiting for confrontational events to get media attention. They need to return to offering alternative policies." A survey released Feb. 2 by the International Republican Institute speaks to Mr. Virak's point. It found that Cambodians want to hear less bickering between parties and more about proposals for solutions to problems they face.

For ammunition, critics need look no further than the recent publicity stunt in which Mr. Rainsy helped villagers uproot posts demarcating Cambodia's border with Vietnam—the same act that earned his recent conviction. To score political points, the Sam Rainsy Party has revved up its criticism of Vietnam's alleged encroachment on Cambodian land, claiming that Prime Minister Hun Sen and his deputies were "letting" their more powerful neighbor do it. But relatively few Cambodians were actually affected by the demarcation of Vietnamese and Cambodian land in the isolated and scarcely populated border region; whereas thousands of Cambodians were evicted from their homes last year throughout other parts of the country.

The Sam Rainsy Party still has a popular leader in Mr. Rainsy's absence: Secretary General Mu Sochua. She is one of the few Cambodian politicians who can frequently be found walking through villages to talk to people about their problems, and her strident criticisms of the ruling party have earned her admiration in some quarters. But even she may not be able to save the party from decline.

European Pressphoto Agency

Opposition party members watch Sam Rainsy speak from exile.

To understand what the diminished strength of the Sam Rainsy Party means for Cambodia, it's important to understand the role the opposition party has played in the country's democratic development. Mr. Rainsy returned from to Cambodia from France in 1992, as the United Nations was beginning its peacekeeping mission in the war-torn country. Although the U.N. poured nearly $2 billion and some 20,000 soldiers and civilian staff into the U.N. Transitional Authority in Cambodia, it left in 1993 with only a fragile peace and political agreement in place between the country's factions.

Mr. Rainsy was at the forefront of the budding pro-democracy movement that inspired many at that time. When Mr. Rainsy started his own party in 1995, he distinguished himself from other politicians by putting democratic principles at the helm of his platform, and he claimed his movement would "mobilize millions of people" who shared the same ideals. Indeed, the Sam Rainsy Party offered a significant domestic voice fighting against graft and urging improved wages for workers and greater rights protections for all.

But now even this limited collective bulwark is breaking down—and not just because Mr. Rainsy is in exile. For the last couple of decades many of the most potent checks and balances against the ruling Cambodian People's Party have come from the leverage of Western aid donors, who attach stipulations of standards in governance and human rights to the hundreds of millions of dollars in aid money that flows into the country each year. But this equation is changing: With Beijing's patronage of Cambodia's government growing, the influence of Western countries to push for transparency and rights protections is weakening.

This was dramatically displayed last December when Beijing officials were able to lean on their counterparts in Phnom Penh to ensure a group of Uighur asylum seekers were sent back to China. Thanks in part to this phenomenon, the ruling party has been able to solidify its dominance over opposition parties by pushing through a constitutional amendment in 2006 that reduces the electoral majority it needs to stay in power.

Cambodia is beginning to look more and more like its neighbors, which are mostly one-party states. In the 1990s and early 2000s, the country's nascent multi-party democracy was riven by intimidation and violence, but there was space for competing ideas and parties to have a voice. Today, the main opposition party finds itself repeatedly muzzled. As China's influence in Southeast Asia continues to expand, this pattern may only grow stronger.

Mr. Brady is a free-lance journalist based in Southeast Asia.

The United States: Debtor and Leader?

By Judy Shelton

It's hard to be a moral leader to the world when you have compromised your own future through fiscal irresponsibility. But that's precisely the problem facing America today: Ballooning federal debt and a hollowed-out private sector threaten to render our nation a spent political force. What makes it worse is the realization we have done this to ourselves.

Democracy relies on the wisdom of its citizens to select representatives who share their values and aspirations. We collectively voted for the politicians who have racked up successive budget deficits to the point where America's need to finance its outstanding federal debt now impairs its capacity to remain a self-determining nation.

The consequences are evident in the way we are now compelled to soft-pedal American principles to avoid offending our financial benefactors, most notably China. When President Barack Obama declined to meet with the Dalai Lama last October, it was understood that U.S. concerns over Chinese human-rights violations were not worth risking China's cooperation on other vital matters. Diplomats call this "strategic reassurance"—emphasizing political, economic and security-related issues, while downplaying more sensitive topics related to basic human freedoms.

But China's angry response to the news that Mr. Obama will meet with the Tibetan spiritual leader today in Washington goes straight to the point. "If the U.S. leader chooses this period to meet the Dalai Lama, that would damage trust and cooperation between our two countries," said Zhu Weiqun, a Chinese Communist Party official at a Feb. 2 press conference. "And how would that help the United States surmount the current economic crisis?"

In other words: China sees a clear link between America's ability to stand up for human rights and its economic interests—and Beijing isn't afraid to exploit it. Mr. Zhu was bluntly reminding the U.S. to take a close look at its balance sheet before indulging in any displays of moral support for an exiled Buddhist monk deemed a "dangerous separatist" for seeking Tibetan autonomy.

China holds nearly $755 billion in Treasurys—more than one-fifth of the total held by foreign nations. "China is now the largest creditor nation to the United States," noted Victor Gao, a former top official in the Chinese foreign ministry, in a recent CNN interview. "Just imagine if China buys less of the Treasury bonds or stops buying the Treasury bond for a couple of months."

Actually, China has apparently started doing just that. Tuesday the Treasury Department reported that China had significantly reduced its holdings of U.S. Treasury securities in December. The big drop—$34.2 billion—means China has moved to second place behind Japan. The big question: Will China continue to cut back?

Such a scenario would not be pleasant for either party. World demand for U.S. debt instruments would take a dive, and yields would have to increase to entice new buyers, driving down the value of existing Treasurys. But the very fact that such a threat might cause us to take pause in evaluating our options is sobering.

What if Russia had succeeded in persuading China to dump Fannie Mae and Freddie Mac securities, as it tried to do in August 2008 on the eve of Russia's war with Georgia? In his memoir "On the Brink," former Treasury Secretary Henry Paulson recounts how he learned about the "disruptive scheme" and acknowledges that heavy selling could have created a "sudden loss of confidence" and shaken capital markets.

Why Lech Walesa is right to worry about declining American influence.

To lose confidence in U.S. capital markets is to lose faith in democratic capitalism. We are the nation most trusted around the world to champion free markets and free people; standing up for principle and coming to the aid of beleaguered allies is part of the American creed.

To remain a global leader, we must ensure our own financial viability going forward. The skittishness and volatility that continue to plague our markets reflect an existential sense of insecurity arising from the nation's precarious fiscal outlook. We simply have too many bills, and not enough growth, to generate needed revenues.

Americans sense that our financial woes are getting too big to surmount. We wonder at what point our nation's seemingly unlimited appetite for government spending and our increasing reliance on outside funding will begin to distort our national persona.

Can the U.S. be a force for good when its credit rating is on a path to turn bad? According to a Feb. 2 Moody's assessment: "Unless further measures are taken to reduce the budget deficit further or the economy rebounds more vigorously than expected, the federal financial picture as presented in the projections for the next decade will at some point put pressure on the Aaa government bond rating."

Before that happens, Americans need to put pressure on their representatives in Washington to reverse the trend toward financial oblivion. Or, we need to elect new representatives who recognize that America's greatness cannot be achieved in the absence of national solvency. It's not only the small concessions to China over "internal" matters, or the possibility of faltering in helping our allies at critical moments, that undermine our global claim to moral leadership. It's the longer-term vulnerability to financial extortion. It's the perception, at home and abroad, that American values may be subjugated to financial considerations due to America's permanent state of indebtedness.

During World War II, the U.S. willingly ran up a deficit financed by federal public debt. But to engage in excessive spending when we are not dealing with an emergency of that scale is reckless.

As Lech Walesa, the former president of Poland who confronted Soviet repression with demands for the right to self-govern, observed recently: "The world has no leadership. The U.S. was the last resort and hope for all the nations. Today, we have lost that hope." What has changed about America's role in the world? "They don't lead morally and politically any more."

This cannot go on. We need to radically cut spending, take dramatic steps to increase growth, and quit monetizing budget shortfalls as if they didn't matter. We need sound money and sound finances; it's time to start paying back the federal debt, some 46% of which is owed to foreigners.

Unless we quit our debilitating borrowing habit, we will not be able to overcome the timidity that comes from being reliant on the kindness of strangers. Standing on our own two feet is the only way to ensure that we stand on principle.

Ms. Shelton, author of "Money Meltdown" (Free Press, 1994), is a senior fellow at the Atlas Economic Research Foundation.

IN DEPTH

A luger slides past a newly built safety wall at the Whistler Sliding Centre on Saturday. Nodar Kumaritashvili of Georgia was killed Friday after flying out of his luge and slamming into a steel column.

Speed and commerce skewed design of Vancouver luge track

Planners chose narrow valley for its cold weather, proximity to ski slopes and many tourists for post-Games use

(Top to bottom) Agence France-Presse/Getty Images; European Pressphoto Agency

Mr. Kumaritashvili, during training last week

YEARS BEFORE a young luge racer from the Republic of Georgia flew to his death at the Olympics last week, officials made a series of decisions designed to make the icy track a commercial success after the Games but that left it faster, and ultimately more dangerous, than any competitive track before.

*By **David Crawford** in Leipzig, Germany, and **Reed Albergotti** and **Ian Johnson** in Vancouver*

Driven in part by the desire to locate the luge and bobsled track for the 2010 Vancouver Games in a high-traffic tourist area with cold temperatures, planners chose a valley at Whistler resort that was steeper and narrower than sites of previous Olympic tracks, according to press reports and interviews with those involved.

The result was a track whose speeds marked a quantum leap in a sport where even small increases require big adjustments. After trials of the track in 2008, the course's German designer says he told the Vancouver Games' organizers and the international luge and bobsledding governing bodies that he was revising the track's projected luge speed upward by 5.5%—to 154 kilometers an hour—nearly 15 kilometers an hour faster than the standing 2000 world speed record.

According to 2008 engineering documents and letters reviewed by The Wall Street Journal, officials signed off on the course's speeds. By last year, some of these officials said such speeds are unsafe and recommended that courses built in the future be slower.

Following the death of Nodar Kumaritashvili, the Vancouver organizing committee, Vanoc, and the international federation that governs luge racing said the track was safe. The racer, they say, failed to control his sled.

In the wake of the death, Vanoc and the governing bodies for luge and bobsledding, which use the same track, added a large wooden wall on the outside of the turn where the Georgian flew off the track. They padded the steel posts that bore the brunt of the collision. They also made moves to slow top speeds, including starting all luge athletes from lower points on the course to slow them down by as much as eight kilometers an hour.

"It's a high-speed sport," said Renee Smith-Valade, spokeswoman for Vanoc. "A miscalculation can have serious and sometimes fatal consequences." She added that there were no major injuries in two years of trials and training and that athletes were exhilarated by the course.

Vanoc on Tuesday declined to make officials involved in track planning available to respond to specific questions about the track's safety and planning, citing their packed Olympic schedules.

A reconstruction of the events leading up to Mr. Kumaritashvili's death shows that the track was the result of decisions that weren't entirely related to sport.

Before Vancouver bid for the 2010 Winter Games, the city's organizing committee consulted closely with the two international federations that set standards for bobsledding and luge tracks: the International Luge Federation and International Federation of Bobsleigh and Tobogganing. The federations and organizing committee members first looked at Grouse Mountain in North Vancouver, which they considered a top choice for the track, say people involved in the course's early planning.

But soon, the Vancouver bid committee agreed to move the location up into the Coast Mountains to the mountain ski resort of Whistler, where the alpine ski events would be taking place.

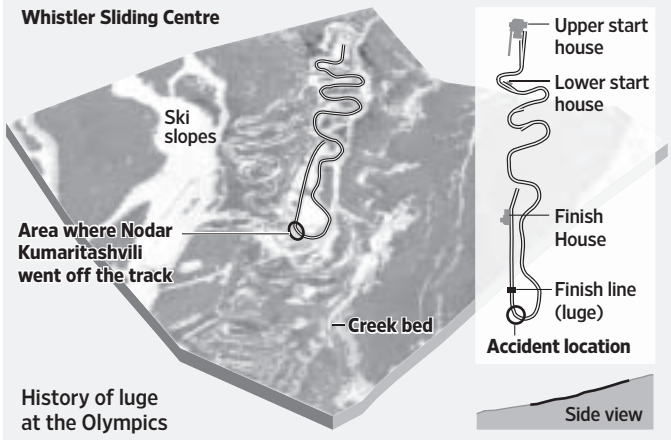
IN DEPTH

(Top to bottom) Reuters; Associated Press

Mourners carry a coffin, above, Wednesday containing the body of Olympic luger Nodar Kumaritashvili, in the city of Bakuriani, some 160 kilometers west of Tbilisi. Left, track staff made adjustments to the track in the area where Mr. Kumaritashvili crashed and died on Friday, during a men's singles luge training run.

Pushing the limit

The Whistler Sliding Centre is among the longest and steepest Olympic luge tracks ever. Top speed: 154 kilometers per hour, nearly 15 kph faster than any prior recorded luge pace.



History of luge at the Olympics

	Course length	Gradient*
1980 Lake Placid	1,014 m	9.4%
1984 Sarajevo	1,210 m	10.2%
1988 Calgary	1,251 m	9.2%
1992 Albertville	1,250 m	8.8%
1994 Lillehammer	1,365 m	8.5%
1998 Nagano	1,326 m	8.6%
2002 Salt Lake City	1,317 m	7.8%
2006 Turin	1,435 m	7.9%
2010 Vancouver		
Original course	1,374 m	11.0%
Shortened course	1,198 m	10.1%

*Vertical drop divided by the length of the course
Source: International Society of Olympic Historians; Vancouver Organizing Committee; Province of British Columbia; Google Earth

Erik Brynildsen, David Biderman and Brett Taylor/The Wall Street Journal

Tim Gayda, the vice president of sport for the Vancouver organizing committee, told the Vancouver Sun in October 2002 that the decision would make the track financially viable after the Games.

"In order to make this thing financially sustainable, we want it someplace where people will pay top dollar to go whipping down this thing in both summer and winter," Mr. Gayda told the newspaper. The luge and bobsledding federations, he added, were "pushing us to look at options at Whistler."

The Vancouver organizing committee didn't make Mr. Gayda or others associated with constructing the track available for comment. Officials with the International Olympic Committee referred questions about the track's specifications to the luge and bobsled federations.

The International Luge Federation declined to respond to multiple phone and email requests for comment on detailed questions about the track.

Bob Storey, the bobsled federation's president and a former bobsledder, said it would be jumping to conclusions to blame the Mr. Kumaritashvili's crash on speed. "The Royal Canadian Mounted Police did not attribute it to design flaws and did not attribute it to speed," he said. "The reason they call it an accident is that nobody can define the cause."

Weather was one factor in locating the run in Whistler, said Terry Gudzowsky, a technical delegate for the bobsled federation who, as a then-member of Canada's bobsled federation, participated in the initial planning. Grouse Mountain often has warmish, wet winters that could lead to mushier, slower ice. Mr. Gudzowsky said he advocated at the time moving it to Whistler, whose higher elevation made it more appealing to the sport.

"That was not an engineering decision," said the bobsled federation's Mr. Storey. "That was a commercial decision."

The available land at Whistler was steep and narrow. The committee found a plot about 90 meters wide by roughly 730 meters long. The topography meant the course would be unusually difficult and fast, according to the bobsled federation's Mr. Gudzowsky.

Mr. Gudzowsky recalls sitting in a municipal-building room in Whistler with a topographical map and drawing a fall line for the course. "It would have been nicer if the site would have been wider," he says. But the land seemed good enough. "The perfect location for a track has not been found yet."

Mr. Gudzowsky says his sketch was sent to German luge-course designer Udo Gurgel. The 71-year-old Mr. Gurgel had built most of the major new luge runs in the world, including six Olympic tracks, over four-plus decades. He says the Whistler terrain was one of the steepest and narrowest possible. Its 90-meter-wide valley compares with Calgary's 275 meters and Salt Lake City's 455 meters.

That meant the site was too narrow to build in typical speed-slowing long curves, such as "kreisel" curves, he said. Whistler's had to be short and tight, which meant high gravitational forces against the driver in the curves and, toward the end, because the G-forces would be too much to bear, almost no curves, allowing sleds to break through past top speeds.

The course's dangers became part of its marketing.

"Vivid, violent and rough— the Whistler Sliding Centre is not for the faint of heart," the Web site of the center, operated by Vanoc, said in promotional material that remained on the site this week. "The track has a rhythm that every slider must try to capture. Sliders must find it early in their run. If they lose it, it will be hard to get back on the beat."

Soon after the track opened for testing in March 2008, it became apparent that it was faster than expected. Mr. Gurgel had projected a top speed of about 146 kilometers an hour for the luge. That speed was matched immediately by a test rider, Mr. Gurgel said, implying that speeds would rise once athletes got used to the tracks.

"It was crazy fast," recalls Polish luger Maciej Kurowski, who tried the track when it opened. "Everyone wants to go faster and faster in this sport."

Mr. Gurgel reprogrammed his computer simulator to take into account the early test runs and came up with a top speed of about 154 kilometers an hour.

Mr. Gurgel says he relayed his findings to the two federations and Vanoc in March 2008. In a letter dated March 17, 2008, and reviewed by the Journal, the International Federation for Bobsleigh told Mr. Gurgel that the federation had formally approved the Whistler Sliding Centre as a venue for international competition.

According to the letter, the federation conditioned its approval on the construction of safety walls and guidelines that require inexperienced riders to start lower down the course.

Lugers themselves were beginning to express concerns. Austrian Wolfgang Kindl said that after test runs in 2008, he and his teammates discussed how the lack of turns and ever-increasing speed made it hard to make corrections. "If you started to have problems there was nothing you could do because of the speed," he said after placing ninth at this week's medal competition.

Luge federation officials reacted to those concerns about the Whistler course earlier this year, saying that future luge runs shouldn't exceed 140 kilometers an hour, the old speed record. But the decision didn't affect existing tracks, so the Vancouver track wouldn't be changed. The day before Mr. Kumaritashvili's death, another Austrian luger hit Mr. Gurgel's projected 154-kilometer-an-hour maximum speed.

That prompted Josef Fendt, head of the luge federation, to tell the Journal in an interview after the death that he was surprised by the new speeds.

But Mr. Gurgel says even that speed was lower than he had told officials to expect. Late last year, working from data from 2008 and 2009, he modeled a possible top speed of about 164 kilometers an hour. He says he forwarded his findings to officials at the two federations, who he said agreed the facility would be safe at higher speeds.

As often happens during Olympic controversies, it is unclear who bears ultimate responsibility among numerous committees and federations.

The IOC and Vanoc have both said they aren't responsible for the tracks because they essentially subcontract technical specifications out to the luge and bobsleigh federations.

It's unclear whether anyone can be held legally liable. All athletes involved in the games must sign a legal liability waiver with the IOC, which says that they participate at their own risk.

Some legal experts say that any potential lawsuit filed against the IOC, the luge federations or the designers by Mr. Kumaritashvili's family—which has said it doesn't want to sue—would face hurdles. The law in Canada, the U.S. and many other countries provides that people participating in potentially dangerous sports "assume" the risks inherent in them and therefore are often barred from suing, unless lawyers could show organizers' negligence.

That authorities made changes to the track after the accident might seem to indicate an acknowledgment of fault. But Ryan Rodenberg, a lawyer who teaches sports law at Indiana University, says that for public-policy reasons, such evidence would likely not be admissible in court as proof of such acknowledgment. "You don't want people shying away from corrections or improvements because they fear they'll be used against them in court," said Mr. Rodenberg.

One potential issue may have been the division of labor in laying out the course. Mr. Gurgel said that at other tracks, he has been the general contractor, in charge of building the safety walls and other equipment. This time, he was limited to designing the sheet of concrete that became the track, with the Vancouver organizers contracting out the safety features and the roof, which required the supporting column that Mr. Kumaritashvili hit. Officials from the luge and bobsled federations say the safety walls weren't the problem.

—Geoffrey A. Fowler, Ashby Jones, Matthew Futterman and Adam Thompson contributed to this article.

FROM PAGE ONE

Toyota to introduce new braking system

Continued from first page
wide because of problems with gas pedals, floor mats and braking systems. The recalls have damaged the reputation of Japan's leading corporate icon.

The grandson of the company's founder, Mr. Toyoda appeared less nervous than he did at his first news conference two weeks ago, despite the presence of more than 30 television crews and several rounds of heated questions.

The increasing pressure on Toyota from the U.S. National Highway Traffic Safety Administration comes a week before two congressional panels plan to hold hearings on the car maker's troubles.

Mr. Sasaki said Toyota has "never been involved" in inappropriate conduct. "There may have been some room for self-reflection and soul-searching, but we have never withheld anything from authorities and this is something we would like to fully clarify with NHTSA as well," he said.

Mr. Toyoda said his company would install a brake-override system—which cuts engine power when the accelerator and brake pedals are applied at the same time—to all of the company's future vehicles world-wide. Such systems are used by a number of auto makers to stop sudden acceleration, a problem that has plagued some Toyota models as well as those of other companies.

In Japan, the car maker expects that 70% to 80% of its hybrid vehicles' braking problems will be fixed by the end of February, after it recalled about 437,000 vehicles in major markets, including Japan and the U.S., to fix software that controls antilock braking systems.

Toyota outlined plans to improve quality-control management by launching a global task force, headed by Mr. Toyoda. It said the special Committee for Global Quality will conduct its first meting March 30 and that it will appoint a chief quality officer for each principal geographical region to make the company more alert to customer sentiment.

Bloomberg News

Toyota President Akio Toyoda, above at a Tokyo news conference Wednesday, said he won't testify at U.S. congressional hearings next week.

Mr. Toyoda stopped short of saying what impact the recalls will have on the company's sales and production plans. "I think we can stem [the slide in sales and production] at this point, but it's hard to say," he said.

The quality issue is keeping pressure on the car maker's sales in the U.S. Toyota said Tuesday it plans to temporarily halt production at two U.S. plants as it adjusts inventory levels. The decision follows the suspension of sales of eight models—including the Camry and Corolla—affected in a U.S. recall over sticky accelerators pedals. Earlier this month Toyota idled some of its North American production lines for a week.

Mr. Toyoda on Wednesday said the company's rapid growth in the U.S. led it to compromise on aspects of its business. "With the rapid growth in production maybe we have not been able to develop human-resources skills that are required for a rise in production," he said. "We will come back to the basics once again."

U.S. is set to press China on undervalued yuan

Continued from first page
has been put to the test. While the value of the yuan has long concerned U.S. politicians and business, the rhetoric is heightening as the U.S. continues to grapple with high unemployment and China hits new growth benchmarks.

In a meeting with Senate Democrats this month, Mr. Obama vowed to "get much tougher" with China on trade rules, including currency rates, to ensure that U.S. goods weren't at a competitive disadvantage. The U.S. says its trade deficit with China totaled $226.83 billion in 2009—narrower than from the annual deficit from 2006 to 2008, but still the U.S.'s largest imbalance with any nation.

The administration has already acted. In September, U.S. Trade Representative Ron Kirk announced tariffs on certain tires made in China, in response to a surge in Chinese tire exports to the U.S. The next big test comes in April, when, under the Omnibus Trade and Competitiveness Act of 1988, the U.S. will decide whether to label Beijing a "currency manipulator."

Such a move technically wouldn't result in any U.S. actions against China. But invoking the rarely used act—no countries have been named since 1994—would likely infuriate Beijing and give Congress new ammunition to press for concrete action against China.

A senior Treasury Department official said no decision on the matter has been made.

Some U.S. lawmakers are also considering steps to address the Chinese-currency issue. Sen. Chuck Grassley, an Iowa Republican, will "evaluate legislative options" if the administration doesn't label China a manipulator, said Grassley spokeswoman Jill Kozeny.

Nicholas Lardy, a China scholar at the Petersen Institute for International Economics in Washington, argues that the yuan is currently undervalued "in the neighborhood of 25%, and perhaps as much as 30%," against the currencies of its trade partners.

China began letting the yuan appreciate against the dollar incrementally in July 2005, after years of keeping it effectively pegged to the greenback. The yuan gained about 21% against the dollar from July 2005 to July 2008, when Beijing halted the rise, as the global economic crisis sapped demand for its exports and fueled worry about a domestic economic slowdown.

Many analysts think Beijing might be willing to partially unshackle the yuan again because of concerns that its stimulus-fueled economy risks overheating, making inflation a concern. A stronger Chinese currency would put downward pressure on prices by lowering China's costs for imported raw materials and increasing its purchasing power for foreign goods. A stronger yuan would also likely trim exports, and thus slow the economy.

Beijing would have to weigh the advantages of preempting economic overheating with the risks of slowing the economy too much. Any currency movement would almost certainly be gradual, given a stronger yuan's potential impact on Chinese exports and jobs. Too much foreign pressure on China could prompt the country to be more intransigent on the exchange rate, which Beijing views as a domestic issue.

"I don't think China is likely to revalue the yuan before April, regardless of whether the U.S. labels China a currency manipulator," says Ji Zhu, an economics professor at the Beijing Technology and Business University.

He said China's priority remains ensuring stability. "It needs to maintain a trade surplus and continued export growth, to promote job creation."

U.S. multinationals, meanwhile, have been complaining to the Obama administration about proposed rules issued by Beijing late last year that would set a list of preferred suppliers for the multibillion-dollar government procurement market and give preferred treatment to companies whose products are deemed to include adequate levels of local innovation. U.S. and other foreign companies fear this could put them at a disadvantage to Chinese players, and compel them to shift intellectual property to China.

Nineteen U.S. trade groups, including the U.S. Chamber of Commerce and the National Association of Manufacturers, sent a letter in late January to Obama cabinet members saying the Chinese programs "threaten to exclude a wide array of U.S. firms from a market that is vital to their future growth and ability to create jobs here at home." The letter urged the officials to make the issue a "strategic priority."

—Sue Feng in Beijing and Bai Lin in Shanghai contributed to this article.

Sticking points

Among the factors contributing to U.S.-China tensions:

- U.S. concerns that China's currency is undervalued
- Multinational tech firms' complaints over law that encourages Chinese government firms to buy products with 'indigenous technology'
- U.S.'s announced $5.6 billion arms-sale deal to Taiwan
- President Obama's planned meeting with Dalai Lama, Tibet's exiled spiritual leader
- Cyberattack on Google and other foreign technology companies, widely seen as originating in China

Associated Press

U.S. President Barack Obama with Chinese President Hu Jintao in November 2009

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Africa's potential draws Bharti

Low rate of mobile-phone penetration outweighs negative issues of weak infrastructure and sharp competition

In Africa, **Bharti Airtel** Ltd. appears determined to wade into a market loaded with poverty, promise and major legal tussles—just like home in India.

Bharti, headed by Indian billionaire Sunil Bharti Mittal, has seized on a potential $9 billion deal with

*By **Robb M. Stewart** in Johannesburg and **Will Connors** in Lagos*

Kuwait's Zain, or **Mobile Telecommunications** Co., that, if completed, would catapult the company into the ranks of major telecom operators in Africa. The deal would include the assumption of $1.7 billion in debt.

Bharti isn't the only telecom operator eager for a piece of Africa. On Tuesday, a consortium involving **China Unicom (Hong Kong)** Ltd. bid $2.5 billion for the former state telecoms monopoly in Nigeria, according to the National Council on Privatization. The government privatization body said that the China Unicom-led consortium outbid four other contenders by more than $1.5 billion for Nigerian Telecommunications Ltd., or NITEL.

While Bharti is an adept operator in India, with 120 million subscribers, it confronts a number of hurdles in Africa, from vicious price wars to bitter legal battles.

Acquiring the Zain operations, which cover 15 countries, would give Bharti a head start over rival trying to buy scattered operations or acquire licenses in different African countries. Bharti's bid also comes at a time when new undersea cables are reaching Africa.

"Zain's operations in Africa will
Please turn to page 22

Associated Press

Nigeria is Africa's largest cellphone market. A man uses a generator to charge mobile-phone batteries for a fee in Lagos.

Indonesia overturns Carrefour ruling

By Edhi Pranasidhi And Reuben Carder

JAKARTA—An Indonesian court Wednesday overturned a regulatory body finding that the local unit of **Carrefour** SA violated antimonopoly laws, and reversed the commission's ruling that the retail giant must sell its majority stake in a local retailer.

The decision will give a fillip to Carrefour's aim of competing for market share in Indonesia, where a vast consumer base is supported by rising middle-class incomes and an economy that is expanding at one of the fastest rates in the world.

Overall retail sales in Southeast Asia's largest economy are likely to rise to more than $82 billion by 2014 from an estimated $42 billion last year, analysis firm Business Monitor International said in a recent report.

But modern retailers like Carrefour account for only around a third of the overall retail market, according to industry data, as many of the country's 240 million people buy rice, vegetables, cigarettes and other goods at traditional markets and street stalls.

"We overturned the case in favor of Carrefour as KPPU misapplied the antimonopoly rules [in its decision] against Carrefour," the presiding judge, Justice Kusno, said.

KPPU, Indonesia's antimonopoly commission, said in November last year that PT Carrefour Indonesia had violated the antimonopoly law, and ordered the company to sell its entire majority stake in PT **Alfa Retailindo** to unaffiliated parties.

The court also overturned KPPU's ruling that Carrefour pay a fine of 25 billion rupiah ($2.7 million).

A lawyer for KPPU said Wednesday that the commission will have 14 days to consider whether it will appeal the decision in a higher court.

Carrefour officials couldn't immediately be reached for comment Wednesday.

After Carrefour acquired 75% of Alfa in January, 2008, for 674 billion rupiah, the French retailer's share of supplies to supermarkets and hypermarkets, and its share of sales by such stores to consumers, both rose above 50%, the KPPU said in its November finding.

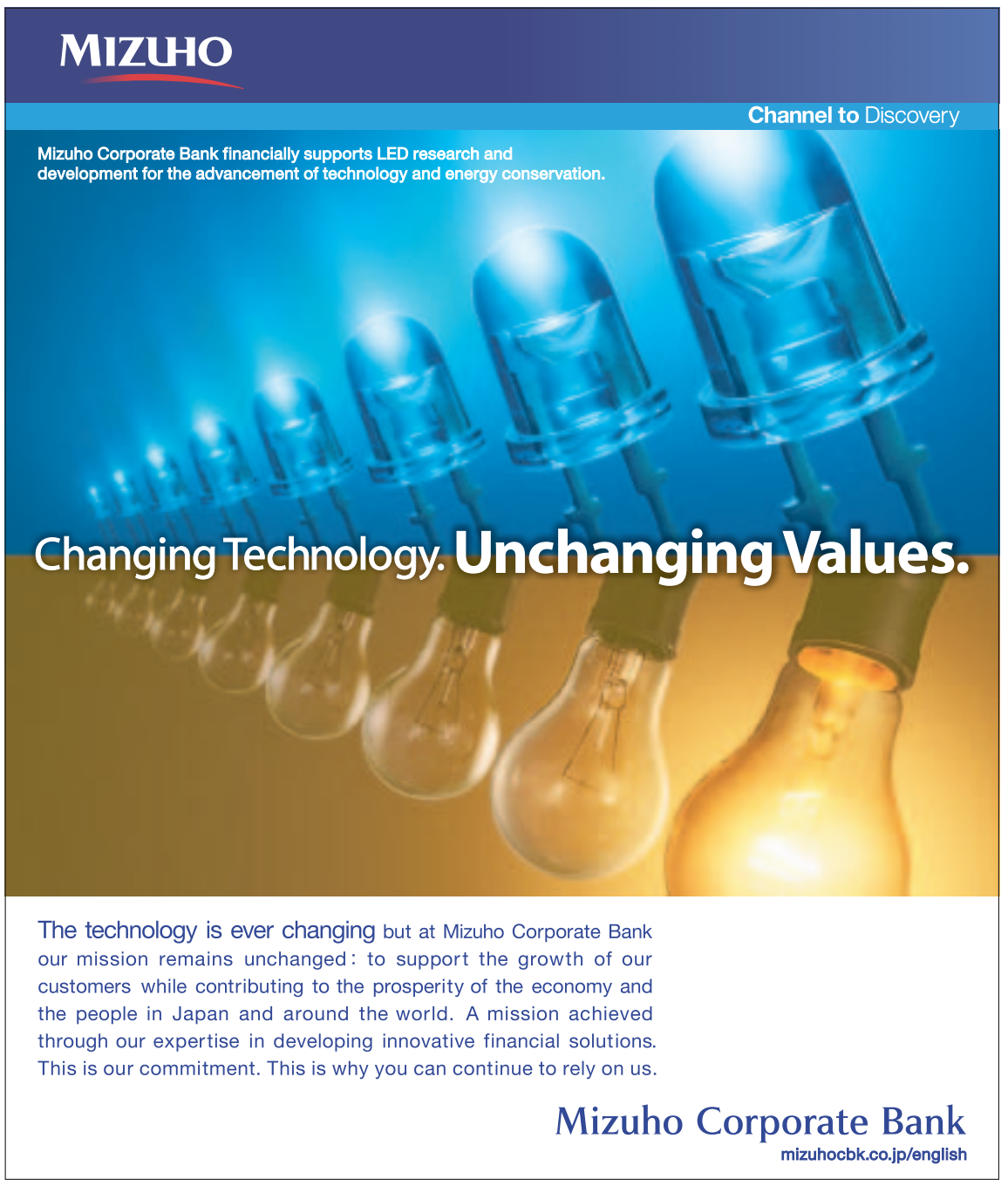
Carrefour is the second-largest supermarket operator in Indonesia with close to a 14% share of market revenue, according to a 2009 report by Bank Negara Indonesia.

Carrefour dominates revenue from hypermarkets—larger stores that combine elements of a department store and supermarket—with close to a 50% share of revenue, Bank Negara said.

Indonesia's economy slowed in 2009 compared to the preceding year as the global economic downturn took hold, but still performed better than most countries.

Gross domestic product rose 4.5% last year compared to 6.1% in 2008.

The government expects growth to reach as high as 5.5% this year and 6% or more next year.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Mizuho Corporate Bank
mizuhocbk.co.jp/english

Samsung edges out flat-panel rivals

Big players come to dominate as market matures, industry braces for tighter profit margins as TV prices decline

By Evan Ramstad

The boom in flat-panel television sets has so far been a boon for **Samsung Electronics** Co.

Samsung's TV manufacturing business has nearly doubled in size since 2006—when it surpassed **Sony** Corp. to become the world's biggest seller of TV sets—and the company is closing in on 20% global market share in TV unit sales, a threshold not reached by any manufacturer since the earliest days of the industry more than 60 years ago.

Of course, success comes with costs. Unlike many of its rivals, who have increasingly outsourced production to reduce costs, Samsung has ramped up TV manufacturing almost entirely on its own, relying on outside contractors only to finish tube TVs in a handful of less-affluent markets.

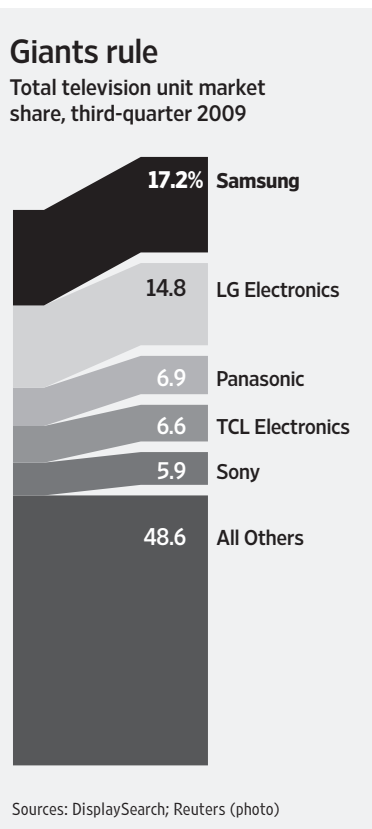
Samsung executives say they prefer to control production for quality assurance and to keep a direct eye on costs. But now the company finds itself in the unusual position of having to expand its own TV factories.

"We may have to invest in some capacity this year," says Kim Yang-gyu, a senior vice president in Samsung's display division.

Samsung earlier this month announced plans to invest €100 million ($136 million) to expand a TV factory in Slovakia.

Samsung's unrelenting climb suggests that the TV-manufacturing industry, after several years of being anyone's game as technology changed from old-style tube TVs to flat-panel models, is again becoming a business dominated by giants.

Television set on display at Samsung's company headquarters in Seoul last July.



About five years ago, when flat-panel TVs were first reaching the mass market, the business was so wide open that start-up companies were getting in by ordering components from suppliers, hiring contractors for assembly and arranging distribution with wholesalers and retailers. But now, size and scale is becoming more important as prices and margins come down.

One person who started his own TV company during the early days in 2003, Dan Zubic of Aurora, Ill., shifted away from the consumer market in 2007 because price competition became too intense.

Today, Mr. Zubic's **Ovideon** Inc. continues to design TVs and have them built by contract manufacturers but it now sells them to commercial users, such as offices, public buildings like airports and to TV broadcasters. "The big guys are always there," Mr. Zubic says. "We have to find niches where we have better performance than they do."

The world's top five manufacturers accounted for 51% of all TV unit sales in the third quarter of 2009, up from 48% a year earlier, according to DisplaySearch, a unit of market researcher NPD Group.

Samsung led the pack with 17.2% market share. The second-largest maker, LG Electronics Co. had 14.8% market share.

Manufacturers' push for size is partly motivated by fear profit margins will tighten as flat-panel TV prices settle down to the low levels that tube TVs hit in the 1980s and 1990s. "A lot of these companies are betting there's going to be an endgame where the flat-panel business becomes similar to the mature phase of the tube-TV era, where the survivors could sit back and count on stable, but very low, pricing and profits," says Paul Gagnon, director of North America TV research for Display Search.

From the 1970s to 1990s, the global TV business was shaped by a handful of global players and local brands in many regions. But the move to flat-panel TVs reshaped the map because they're easier and less expensive to ship from long distances, resulting in mega-size factories for TV panels and finished products, mainly in Japan, South Korea, Taiwan and China.

The change in technology has boosted sales of TVs overall as consumers place flat-panel models in more rooms at home.

Though market research firms haven't finalized year-end data for 2009, analysts say the overall global market for TVs last year will likely be around 210 million units. That's up from about 180 million five years ago.

Samsung executives say the company shipped 38 million TVs last year, up from 33 million in 2008.

STX may join bidding for Daewoo Engineering

By Shin Jung-Won And Jung-Ah Lee

SEOUL—South Korean conglomerate **STX Group** may join in the multibillion-dollar bidding for control of **Daewoo Engineering & Construction**, even as a group of U.S. firms expressed renewed interest in buying the big South Korean construction company.

STX said it is interested in joining a private equity fund led by **Korea Development Bank** that is set to acquire a controlling stake in Daewoo Engineering for $2.5 billion. KDB is the main creditor of cash-strapped **Kumho Asiana Group**, parent of Daewoo Engineering.

TR America consortium, a U.S. fund mostly consisting of construction companies, revised its offer to buy a controlling stake in Daewoo Engineering, KDB said Tuesday. TR America had previously been a final bidder for the stake before investors chose to sell it to KDB as part of a Kumho restructuring. Details of TR America's interest were unclear.

Shares of Daewoo Engineering were up on hopes its sale process may speed up, while STX Group affiliates were lower on concerns of a financing burden from the possible acquisition. Daewoo Engineering ended 4% higher, while STX Corp. shares were down 5.1%.

The sale process has been mired in uncertainty as creditors work out a Kumho restructuring. The KDB-controlled fund agreed in December to purchase a more-than-50% stake in Daewoo Engineering as part of the restructuring. But the 18,000-won per share price is a hefty 53% premium to the current price.

An STX official said the company has had talks with KDB but it hasn't decided whether to join yet. "We will be able to make a decision after creditors reach an agreement with financial investors," the official said.

The official said the firm would be a strategic investor, meaning it would participate in management.

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Bloomberg News

MetLife is trying to buy American Life Insurance Co., or Alico, for $15 billion.

Tax stalls Alico deal

AIG's plan to sell life-insurance unit may require ruling by IRS

The pending $15 billion sale of a large foreign life-insurance unit of **American International Group** Inc. to **MetLife** Inc. is being held up by a tax dispute that may require a ruling from the Internal Revenue Service, according to people familiar with the matter.

*By **Jeffrey McCracken**, **Serena Ng** and **Leslie Scism***

The tax issue could put the Department of the Treasury, as overseer of the Internal Revenue Service, in an awkward situation. The Treasury is supervising AIG while trying to recoup taxpayers' $120 billion-odd investment in AIG and related entities.

An AIG-MetLife deal has been viewed as the first big step for the government in recovering its massive investment in the insurer.

The first $9 billion from a sale of the AIG life-insurance unit has been earmarked for the Federal Reserve Bank of New York, which largely oversaw the bailout of the troubled insurance giant in September 2008.

But people working on the transaction have run into a problem: At issue is whether the AIG subsidiary, American Life Insurance Co., or Alico, will remain exempt from a crucial 2004 IRS ruling.

That ruling requires insurers to withhold U.S. taxes on income distributed to foreign clients who own their annuities and life-insurance products.

Alico is domiciled in Delaware but does virtually all its business abroad, with operations in about 50 countries. The company has considered itself exempt from the IRS ruling since it only sells policies to non-U.S. citizens who reside abroad and it earns more than 80% of its income overseas.

AIG officials don't believe a sale would stick MetLife with a big tax liability, but have so far been reluctant to indemnify MetLife for that potential risk, the people said.

"This is the final hurdle," said one person familiar with the matter, adding that a deal could be weeks away "unless AIG caves and takes the risk for MetLife."

The government-controlled insurer has asked the IRS for a "private letter ruling" to confirm its interpretation that Alico is exempt from the U.S. tax-withholding requirement, they added.

It isn't clear if the tax authority will make a determination in the near term or express concerns over the issue. Treasury officials have told AIG that the company won't get any special treatment from the IRS, according to a person familiar with the matter.

An IRS spokesman declined to comment.

The tax issue so far hasn't derailed talks between the two companies, and AIG's sale of Alico to MetLife is expected to proceed, but a final deal has been pushed back several times as a result.

If the IRS says Alico isn't exempt from the ruling, that could hamper Alico's ability to do business overseas because its insurance products would be less attractive to its foreign clients if they are subject to U.S. taxes.

A deal announcement had been expected last week, but no announcement is imminent, according to several people involved in the matter. The transaction is expected to be structured with $7 billion in cash and $8 billion in MetLife stock.

"This is the final hurdle, the sticking point," said one person familiar with the matter, adding a deal could be weeks away, "unless AIG caves and takes the risk for MetLife."

Separately, **Hartford Financial Services Group** Inc. on Tuesday said it had hired Christopher Swift, formerly vice chairman and chief financial officer of Alico, as its new chief financial officer.

AXA Asia Pacific posts full-year profit

By Rebecca Thurlow

SYDNEY—Takeover target **AXA Asia Pacific Holdings** Ltd. said Wednesday it returned to profit in 2009, partly due to a turnaround in investment earnings after financial markets recovered.

However, a drop in earnings in AXA APH's Australian business may diminish expectations of an escalating bidding war among suitors **National Australia Bank** Ltd. and **AMP**, one analyst said.

AXA APH's earnings gained momentum in the second half of the year, helped by higher sales and lower expenses, but analysts say the jury is out on how much of that growth is sustainable.

The company swung to a net profit of 679.2 million Australian dollars (US$612.5 million), in line with its own guidance given in January, from a A$278.7 million loss in 2008, helped by the sale of its 50% interest in an Indian joint venture.

"This is a strong result against the background of the difficult market conditions since the global financial crisis," Chief Executive Officer Andrew Penn said.

Operating earnings slipped to A$553.6 million from A$555.6 million, the main area of weakness being the domestic operations.

In Australia, operating earnings fell 25% to A$176 million from A$235.3 million, while New Zealand operating earnings fell 18% to 35.1 million New Zealand dollars (US$24.8 million).

The company is the subject of a A$14.2 billion takeover proposal from NAB. The proposal requires that France's **AXA** SA, which owns 53.9% of AXA APH, agree to buy the unit's Asian operations from NAB, leaving the Australian and New Zealand units to the local bank.

AXA SA recently began talks with NAB on the proposal after the expiration of an exclusivity deal with the former bidding partner, Australian wealth manager AMP Ltd. AMP has said it is reconsidering its position after its cash and shares proposal was rejected by AXA APH in favor of the NAB plan.

A recent statement of issues by the competition regulator suggested it had more concerns about the NAB proposal, raising expectations AMP might have another opportunity to make a play for AXA APH if the regulator opposes the NAB offer. The Australian Competition and Consumer Commission is expected to rule on the proposals by March 17.

Elio D'Amato, chief executive of Australian research house and fund manager Lincoln Indicators, said the "ho hum" performance of the Australian operations means NAB and AMP may have to work harder to convince investors that taking over AXA APH would contribute to their bottom line.

However, he said, a strong performance by AXA APH's Southeast Asian operations highlighted the value of the Asian business to AXA SA and the logic of its bid to buy out the unit. Earnings in Southeast Asia rose 44% to A$50.2 billion, helped by strong sales growth and improved investment markets.

"We have started to benefit in a material way from our increasing scale in Southeast Asia through strong earning and value growth and expect this to accelerate further," Mr. Penn told analysts on a conference call.

Overall, there was evidence of a turnaround in AXA APH's performance during the last six months of the year, with operating earnings rising by 17% in the second half from the first.

"This was attributable to the very strong sales growth in the second half, in conjunction with the early steps we took in response to the global financial crisis to reduce costs," Mr. Penn said.

Notably, operating earnings for the Australian operations rose 35% in the second half from the first. AXA APH cited fee revenue from higher funds under management as a key driver.

Analysts say a key question is whether low expenses that drove the result are continuing or a one-time situation.

Mr. Penn said he wouldn't comment on the takeover proposals or answer questions regarding the matter.

Deere earnings climb 19%; farm-machinery maker raises forecast

By Bob Tita

CHICAGO—**Deere** & Co. on Wednesday raised its full-year profit forecast and reported a 19% rise in fiscal first-quarter earnings amid a broad recovery in the global agribusiness sector.

The world's largest maker of farm equipment by revenue cited an expected recovery in North American business alongside a turnaround in its unprofitable construction unit.

Deere is a barometer of industry conditions, and expectations of higher farm incomes and rising commodity prices have boosted confidence among producers of fertilizer, seeds and farm equipment.

Deere's latest results benefited from cost cutting, improved pricing and currency gains. While Chief Executive Samuel Allen said economic conditions "remain stubbornly weak," colleagues pointed to recent improvements.

"Demand for large ag equipment is more than we anticipated" previously, said Marie Ziegler, vice president of investor relations, during a conference call with analysts.

Deere now expects industrywide sales of tractors and other equipment in North America to be flat with 2009, having warned in November that they could drop 10%.

Deere forecast fiscal 2010 profit of $1.3 billion on a 6% to 8% rise in sales. That compares with its November forecasts of $900 million in profit and a 1% sales drop and the $874 million earned in fiscal 2009.

For the quarter ended Jan. 31, the Moline, Ill., company reported a profit of $243 million, or 57 cents a share, up from $204 million, or 48 cents as share, a year earlier. Revenue fell 6% to $4.84 billion.

Bloomberg News

The Wipro campus in Bangalore.

Wipro detects employee fraud of $4 million

By Romit Guha

MUMBAI—**Wipro** Ltd., India's third-largest software exporter by revenue, said Wednesday it detected in December a financial fraud of about $4 million by one of its employees and that it is taking corrective measures.

The company is conducting a probe into the matter, Suresh Senapaty, executive director and chief financial officer, said in an emailed statement. He didn't identify the employee.

A Wipro spokeswoman said the company has recovered about half the money.

The employee was working with Wipro for the past three years in the controllership division within the finance department.

The division was responsible for keeping the NYSE-listed company's financial books and had powers to authorize payments whenever needed.

The company disbanded the division after detecting the fraud, the spokeswoman said.

CORPORATE NEWS

Mitsui bets on U.S. shale-gas project

Trading company's investment of $1.4 billion in Pennsylvania's Marcellus field comes amid production boom

By Kenneth McCallum And Jason Womack

Mitsui & Co. said Tuesday it will invest about $1.4 billion to take part in a shale-gas development project in Pennsylvania, in hopes of taking advantage of the growing U.S. market for such gas.

Mitsui, which has businesses ranging from natural resources to chemicals to food, is a big player in the liquefied natural-gas, or LNG, market. Its most profitable business division in the fiscal third quarter ended December was energy, which includes its LNG operations. But in response to higher U.S. production of shale gas—deposits of natural gas trapped in shale-rock formations—the Japanese trading firm made a big bet in that market, too.

Mitsui's move into the Marcellus Shale, a rapidly developing natural-gas field in Pennsylvania, New York and other states, underscores the growing interest foreign companies have in gaining a foothold in shale-gas production. **Chesapeake Energy** Corp. has struck a deal with Norwegian oil and natural-gas producer **Statoil** ASA to develop the Marcellus and formed a joint venture with French energy company **Total** SA to develop the Barnett Shale, a natural-gas-rich formation in Texas.

Shales are widely credited with creating a gas-production boom in the U.S., where shales have become a hotbed of drilling activity. Prospective shale formations, however, are still being identified in other parts of the world.

Bloomberg News

The market for shale gas is growing, with projects like Barnett Shale in Texas attracting interest from foreign firms.

A U.S. joint venture Mitsui controls will take a 32.5% slice of the interest in the Marcellus project held by **Anadarko Petroleum** Corp. of the U.S., the Japanese trading company said in a statement. Mitsui E&P USA LLC is expected to spend between $3 billion and $4 billion over about a decade to develop its portion of the Marcellus project.

Analysts with the Houston-based energy investment bank Simmons & Co wrote in a note to clients that the pact highlights the value of Anadarko's Marcellus assets, "which has largely been overlooked and undervalued by the street."

Anadarko has 715,000 gross acres, or 286,000 hectares, in the Marcellus.

Mitsui said it hopes that participating in U.S. shale-gas operations, which are "expected to see high growth," will help it "move into long-term and sustainable growth businesses." Shale gas was once considered too costly to exploit but it has become commercially viable thanks to innovative technologies such as horizontal drilling and new ways of fracturing rock.

U.S. shale-gas output grew from less than one billion cubic feet a day in 1998 to about five billion cubic feet daily last year. In 2009, the U.S. overtook Russia as the world's largest natural-gas producer.

The U.S. government, in announcing a "shale-gas resource initiative" with China in November, said that potential shale-gas production in the U.S. "has grown dramatically in recent years due to technological advances," and "the development of shale gas is expected to significantly increase U.S. energy security and help reduce greenhouse-gas pollution."

Mitsui & Co. had expected a few years ago that U.S. imports of LNG would increase, but "the picture has changed" because of the recent rise in U.S. shale-gas demand, said Hiroyuki Tsurugi, a Mitsui deputy general manager in charge of energy businesses. However, "demand from Asia and Europe for LNG is expected to grow. Both [shale gas and LNG] can develop," he said. At the peak, Mitsui expects to produce between 360 million and 460 million cubic feet of shale gas a day from the Pennsylvania project.

Anadarko said that Mitsui will earn approximately 100,000 net acres in exchange for funding 100% of Anadarko's share of development costs in 2010 and 90% of these costs thereafter, with an estimated completion of all obligations by 2013.

Defections hit climate lobby

By Stephen Power And Ben Casselman

Three big companies quit an influential lobbying group that had focused on shaping climate-change legislation, in the latest sign that support for an ambitious bill is melting away.

Oil giants **BP** PLC and **ConocoPhillips** and heavy-equipment maker **Caterpillar** Inc. said Tuesday they won't renew their membership in the three-year-old U.S. Climate Action Partnership, a broad business-environmental coalition that had been instrumental in building support in Washington for capping emissions of greenhouse gases.

The move comes as debate over climate change intensifies and concerns mount about the cost of capping greenhouse-gas emissions.

On a range of issues, from climate change to health care, skepticism is growing in Washington that Congress will pass any major legislation in a contentious election year in which Republicans are expected to gain seats. For companies, the shifting winds have reduced pressure to find common ground, leading them to pursue their own, sometimes conflicting interests.

Spokesmen for ConocoPhillips and BP said the companies still support legislation to reduce greenhouse-gas emissions, but believe they can accomplish more working outside USCAP's umbrella. Caterpillar said it plans to focus on commercializing green technologies.

ConocoPhillips's senior vice president for government affairs, Red Cavaney, said the USCAP was focused on getting a climate-change bill passed, whereas Conoco is increasingly concerned with what the details of such a bill would be.

Reuters

Conoco executive Red Cavaney

"USCAP was starting to do more and more on trying to get a bill out without trying to work as much on the substance of it," Mr. Cavaney said.

A spokesman for USCAP said it intends to continue its work. More than 20 other large companies, including oil company **Royal Dutch Shell** PLC and industrial heavyweights **General Electric** Co. and **Honeywell International** Inc., remain in the coalition with environmental groups such as the Environmental Defense Fund and Natural Resources Defense Council. The USCAP said it expects to add new members in coming months.

"We think there's momentum to get [a climate bill] done," USCAP spokesman Tad Segal said. "President [Barack] Obama's State of the Union address made it clear the administration is behind us."

But experts said the companies' decision to withdraw from USCAP is a sign the politics of climate change is shifting in Washington. When Mr. Obama took office, Congress appeared to have momentum for a climate bill that would push the economy toward lower-carbon alternatives. But as the economy soured, support waned.

The Obama administration says it will curb greenhouse-gas emissions using the Clean Air Act if Congress doesn't act, and the Environmental Protection Agency has been pushing ahead with rule making.

When USCAP was founded in 2007, leaders of big U.S. companies had grown concerned that Democrats in Congress were preparing to put strict limits on industrial emissions of heat-trapping gases linked to climate change. Many executives decided it was better to be part of the debate in a united front.

The big-tent approach boosted USCAP's influence. In January 2009, the group released its recommendations for legislation. Many were incorporated into legislation, adopted by the House, that would require companies to reduce carbon emissions or buy pollution credits from firms that did.

But not all of USCAP's members supported the bill.

Caterpillar objected in part because it would impose tariffs on goods from countries that didn't match U.S. efforts to combat climate change. BP and Conoco opposed it on the grounds that it didn't treat energy producers equally.

Exxon adds to reserves, helped by gas projects

By Angel Gonzalez

Exxon Mobil Corp., led by natural-gas projects, added two billion barrels of oil equivalent to its proved reserves in 2009, replacing 133% of its production that year. The oil giant, however, found fewer new oil deposits than it depleted last year.

The Irving, Texas-based company said Tuesday that its reserve additions last year were the highest in the decade. About one billion barrels came from two giant liquefied natural gas projects in Australia and Papua New Guinea, Exxon said in a statement, helping the company replace 192% of the natural gas it produced in 2009.

Of the reserve additions, 60%, or 1.2 billion barrels, represent gas and 40% is liquids.

Exxon replaced 92% of the liquid hydrocarbons (mostly oil) it produced last year, a company spokesman said.

The company said its proved-reserves base rose 2 billion barrels to 23.3 billion barrels, on a long-term pricing basis, which is different from a method used by the Securities and Exchange Commission. The total amount was split nearly evenly, comprising 51% liquids and 49% gas.

Under the SEC's method, which calculates proved reserves based on the average energy prices for 2009, the company added 1.5 billion barrels, replacing 100% of its 2009 production.

The importance of gas in Exxon's reserve numbers underscores how tough it has become in recent years for large oil companies to replenish their crude oil reserves, as resource-rich countries exert an increasing amount of control over exploration opportunities.

Companies like Exxon and **Royal Dutch Shell** PLC are turning to big LNG developments and nontraditional oil regions like Canada's tar sands. In a 10-year period, Exxon has replaced 131% of its gas output and 99% of its liquids production.

"Access to crude oil resources is getting tighter and tighter," said Fadel Gheit, an analyst with Oppenheimer & Co.

The role of gas in Exxon's future looms even greater if the pending acquisition of unconventional gas producer **XTO Energy** Inc. closes this year. At Friday's close, the deal was valued at $26.9 billion. At the same time, Exxon's $4 billion bid for **Kosmos Energy** LLC's stake in a giant oil field in offshore Ghana, one of the world's most promising regions for oil exploration, is being met with stiff resistance from that country's government.

Some analysts say that crude oil—which trades at relatively high prices despite the recession—is more profitable in the near term.

Oppenheimer's Mr. Gheit said there is a "silver lining" in the natural-gas business that could enhance Exxon's long-term profitability. "The cost of producing gas is a fraction of the cost of producing oil," Mr. Gheit said.

Exxon has touted natural gas as a clean fuel source that will meet increasing demand in coming decades.

CORPORATE NEWS

Agence France-Presse/Getty Images

A JAL jet last month at Haneda Airport, where U.S. airlines are pursuing slots.

U.S. carriers seek Tokyo airport slots

By Susan Carey

Five rival U.S. airlines on Tuesday said they applied to the U.S. government for approval to fly to Tokyo's downtown Haneda Airport, which is being opened to limited international flights. A recent "open skies" treaty between the U.S. and Japan set aside four pairs of daily takeoff and landing slots at Haneda for U.S. airlines.

There has been no scheduled service between the U.S. and Haneda since the larger Narita Airport opened outside Tokyo in 1978. Haneda primarily has been a domestic airport for **Japan Airlines** Corp. and **ANA Group**'s All Nippon Airways. But now capacity at both airports is being expanded.

United Airlines, a unit of **UAL** Corp., said it asked the U.S. Department of Transportation for one of the four pairs of daily slots so it can begin daily nonstop service from San Francisco, the carrier's West Coat hub and a gateway to Asia.

Delta Air Lines Inc. said it sought permission to serve Haneda from Seattle, Detroit, Los Angeles and Honolulu. **Continental Airlines** Inc. said it is seeking approval to fly to Haneda from its Newark, N.J., hub and, in conjunction with Continental Micronesia, from Guam.

AMR Corp.'s American Airlines late Tuesday said it is seeking approval to serve the Tokyo airport from New York's Kennedy International Airport and Los Angeles. Hawaiian Airlines, a unit of **Hawaiian Holdings** Inc., said it asked the DOT for permission to fly twice a day between Honolulu and Haneda.

United and ANA already have a code-sharing agreement that funnels passengers between them in Tokyo. United, ANA and Continental in December asked the DOT for antitrust immunity to create a trans-Pacific venture that would let them jointly set schedules and prices. Continental last year defected from the SkyTeam marketing alliance led by Delta and **Air France-KLM** SA, and joined the Star Alliance, which includes United and ANA.

Last week, AMR and JAL filed a joint application with the DOT for similar antitrust immunity so they can cooperate more closely between North America and Asia through their oneworld marketing team.

Delta, which because of its 2008 acquisition of Northwest Airlines now has the most flights to Tokyo of any U.S. carrier, tried unsuccessfully to persuade JAL to leave the oneworld marketing alliance and join SkyTeam. On Wednesday, Delta asked U.S. regulators to bar members of oneworld and Star from starting flights to Haneda.

—Doug Cameron contributed to this article.

Google attempts to ease tensions with carriers

By Jessica E. Vascellaro And Niraj Sheth

The tensions behind **Google** Inc.'s growing push into mobile phones came into focus Tuesday as the chief of one of the world's biggest wireless carriers took a swipe at the Internet giant's dominance in search advertising.

Vittorio Colao, the chief executive of **Vodafone Group** PLC, called on regulators to pay attention to "the fact that 80% of the advertising online goes down one funnel."

The comments came in a speech at an industry conference in Barcelona, where wireless carriers and handset makers showed they are stepping up their efforts to compete with Google even as the Internet company continues to line up new allies in the industry.

"With regards to Google, we need to be able to freely deal up and down the value chain," said Mr. Colao, whose company plans to offer service for the Google's new Nexus One phone.

In a speech at the same conference Tuesday, Google Chief Executive Eric Schmidt fought back against the perception that Google was out to hurt wireless carriers. He argued the industry could benefit if it works with Google to figure out how to share revenue and devise ways to handle bandwidth-intensive Internet traffic. He also urged carriers to work with third-party software developers.

"I assure you, you will get that money back in many ways," Mr. Schmidt said.

Google has thrust itself into the mobile industry by making its Android mobile operating system available to handset makers for free, as well as by selling its Nexus One phone directly to consumers through a Web site. Google also actively challenges the level of control carriers have over their networks.

In a meeting with reporters, Mr. Schmidt sought to diffuse the tension, noting that he would talk to Vodafone's Mr. Colao, whom he described as a good friend.

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CALL FOR EXPRESSION OF INTEREST IN PURCHASING ONE OR MORE "SISTERSHIP" AIRCRAFT OF "OLYMPIC AIRLINES S.A."

"ETHNIKI KEFALEOU S.A. Administration of Assets and Liabilities S.A." seated in Athens, Greece (9A Chryssospiliotissis str.- 105 60) ("the Liquidator"), in its capacity as liquidator of the company "OLYMPIC AIRLINES S.A." seated in Kallithea, Athens Greece (154 Syggrou Ave.) ("the Company"), which has been placed under special liquidation according to the provisions of article 14A of Law 3429/2005 of the Greek Parliament, by virtue of the Decision No.5714/2009 of the Athens Court of Appeal, invites Interested buyers to submit, within twenty (20) days following the publication hereof, a non-binding written Expression of Interest in purchasing **one or more Boeing 737-4Q8** aircraft equipped with a **CFM56-3C1 Engine** described below, which are being sold "as is, where is" and are parked in the Athens International Airport, Greece.

BRIEF INFORMATION ABOUT THE COMPANY

The Company was founded in 1991 under the name "OLYMPIAKES AERONAVLOSEIS S.A.". It was later renamed "MACEDONIAN AIRLINES S.A." and in 2003, having been further renamed "OLYMPIC AIRLINES S.A.", it acquired the flight sectors of "OLYMPIC AIRWAYS S.A." and "OLYMPIC AVIATION S.A.", as a special successor. The Company's corporate objectives include scheduled and non-scheduled flight operations for passengers, cargo and mail, the purchase and sale of aircraft, as well as objectives relevant to these aforementioned. The Company was placed under special liquidation according to the provisions of article 14A of Law 3429/2005 on 02.10.2009.

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The following **Boeing 737-4Q8** aircraft equipped with a **CFM56-3C1 Engine** are offered for sale on an individual basis.

No.	Aircraft	MSN	MAN. DATE	TOTAL HOURS	TOTAL CYCLES
1.	SX-BKB	25313	09/1991	53925	34472
2.	SX-BKA	25314	09/1991	53728	34372
3.	SX-BKC	25361	09/1991	54390	34395
4.	SX-BKD	25362	10/1991	54351	34686
5.	SX-BKE	25417	11/1991	55308	34651
6.	SX-BKF	25430	12/1991	55208	34721
7.	SX-BKG	27149	05/1993	50251	31739

SALE PROCEDURE

The sale will be conducted and effected by way of a public auction in accordance with the provisions of article 14A of Law 3429/2005, as in force and effect, and the terms specified in the Call for Tenders, which will be published in the press within the time period stipulated by law. This Call for Expression of Interest, the tendering procedure, as well as the sale and purchase agreement are governed by Greek law. For any dispute that may arise from or in connection with this Call, the courts of Athens, Greece, are specified as exclusively competent. The Liquidator reserves the right to annul this Call for Expression of Interest or the tendering procedure for one or more of the above aircraft.

SUBMISSION OF EXPRESSION OF INTEREST – OFFERING MEMORANDUM – INFORMATION

For the submission of Expression of Interest please contact the Liquidator "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities", 9a Chryssospiliotissis Str. Athens 10560, GREECE, tel. +30.210.3340882-4, fax +30.210.3217905, e-mail address info@ethnikikefaleou.gr or the specified attorney-in-fact Mr. D. Georgarakis, tel. +30.210.3565300, fax +30.210.3565225, e-mail address chairman@olympicairlines.gr. Interested parties may obtain the offering memorandum describing the above aircraft, as well as any further information upon signing a Confidentiality Agreement. The Liquidator may refuse to provide any information for sufficient cause.

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CORPORATE NEWS

Soup shopping's emotional quotient

Campbell to alter labels, displays after 'neuromarketing' techniques show its approach left some customers cold

By Ilan Brat

The bowls will get bigger and steamier, but the soup spoons will disappear.

Those are among the changes **Campbell Soup** Co. is making to the iconic labels and shelf displays of its condensed soups—the company's biggest single business, with more than $1 billion in sales.

The changes follow a two-year effort by Campbell to figure out how to get consumers to buy more soup. Condensed soup has been a slow-growing category in which budget-conscious consumers have little tolerance for price increases.

The problem: It's not easy to know what prompts people to buy soup. When asked why they don't eat more soup, people tend to "say they don't think of it," says Doug Conant, Campbell's chief executive.

The company hopes the label and display changes will help shoppers connect on a deeper level to its products and lift its condensed soup sales 2% over the next two years.

For two years, Campbell researchers studied changes in skin moisture, heart rate and other biometrics to see how consumers reacted to everything from pictures of bowls of soup to logo design. This "neuromarketing" approach is a fresh attempt among consumer-good companies to understand how consumers respond to marketing.

For years, Campbell's researchers asked consumers whether they remembered an ad and whether it made them more likely to buy a product. But a 2005 Campbell analysis found that ads deemed more effective in surveys had little relation to changes in Campbell sales.

Robert Woodard, Campbell's vice president of global consumer and customer insights, says the traditional interview was of limited use because people's words didn't fully capture their unconscious responses. He says Campbell needed approaches that would help it understand the neurological and bodily responses to an ad rather than how people thought they had reacted.

By 2008 Mr. Woodard settled on the biometric tools combined with a different type of deep interview to gauge which consumer communications worked best. Campbell then hired **Innerscope Research** Inc., a Boston company that measures bodily responses, and other companies to help conduct the research.

Carl Marci, an Innerscope founder, says his tools can't pinpoint the emotions a person feels. But if all the biological metrics move simultaneously in one direction, the subject is likely to be emotionally engaging with something.

Researchers interviewed about 40 people at their homes and later in grocery stores. They also clipped small video cameras to the testers, who later watched themselves shopping for soup. Vests captured skin-moisture levels, heart rate, depth and pace of breathing, and posture. Sensors tracked eye movements and pupil width.

The researchers found that the warmth and other positive attributes people associated with Campbell's soup at home evaporated when they faced store shelves.

Typically, consumers show blips in most of their biological metrics when they decide to buy something, indicating the emotional reward they feel for making a choice. But the array of soups so overwhelmed many participants that they would select soups quickly while showing little biometric response.

The people who spent more time exploring varieties showed more and bigger simultaneous spikes in biometrics—and tended to put more soup cans in their baskets.

Another round of research showed that Campbell's large logo at the top of shelf displays draws more attention than necessary, making all varieties of soups seem to blend together. In interviews, participants also said the soup pictured on the can and shelf labels didn't look warm. And the big spoon holding a sample of soup on each label provoked little emotional response.

Shoppers will begin seeing changes in the Campbell section of supermarkets this fall. Among them: Condensed-soup varieties will be sectioned into four color-coded categories, such as "taste sensations" in orange and "classic favorites" in light brown. The logo will also be smaller and moved lower.

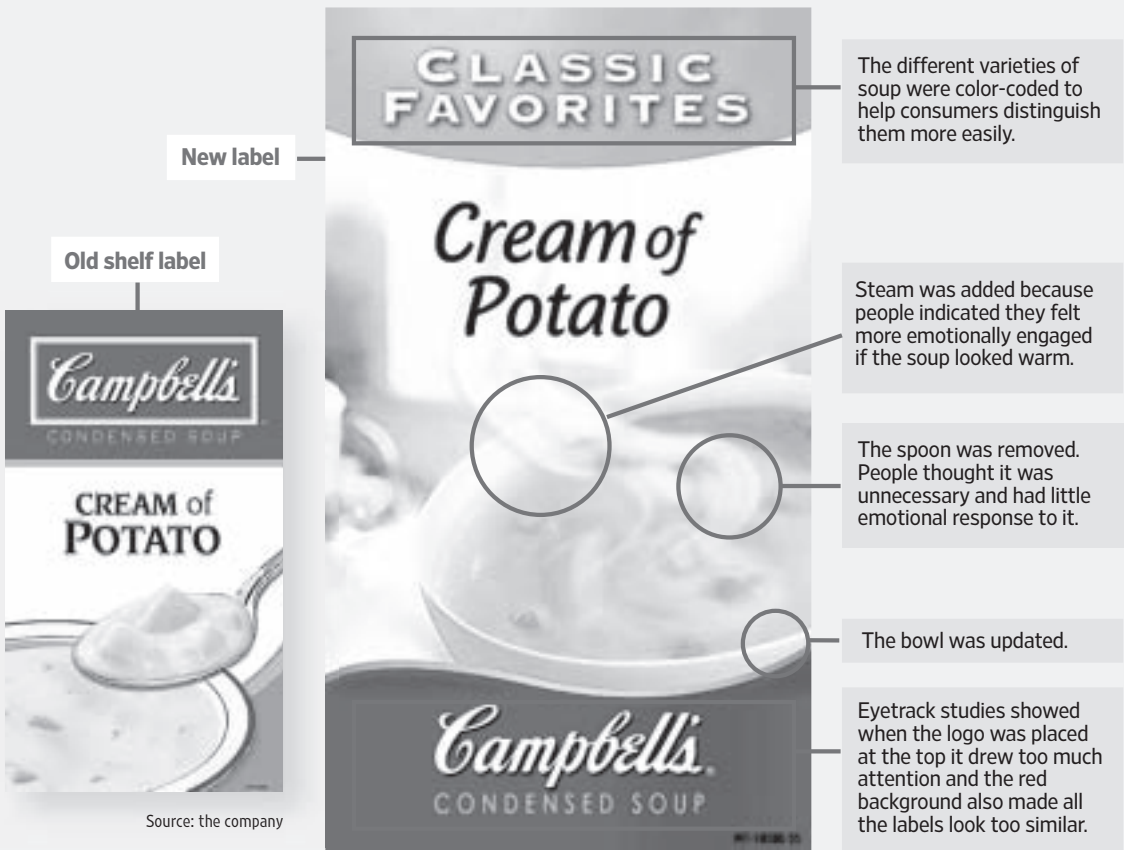
Labels on Campbell's three biggest sellers—chicken noodle, tomato and cream of mushroom—will remain the same. But on other labels, steam will rise from larger, more vibrant pictures of soup in more modern, white bowls. And those unemotional spoons will disappear.

WSJ.com

See a video about Campbell's newest way to test its marketing at **WSJ.com/OnlineToday.**

New and improved . . . labeling!

Campbell Soup used biometrics to analyze consumers' response to their label and changed the packaging to reflect their preferences revealed by the study.


New label
Old shelf label
Campbell's
CONDENSED SOUP
CREAM of POTATO
CLASSIC FAVORITES
Cream of Potato
Campbell's
CONDENSED SOUP
The different varieties of soup were color-coded to help consumers distinguish them more easily.
Steam was added because people indicated they felt more emotionally engaged if the soup looked warm.
The spoon was removed. People thought it was unnecessary and had little emotional response to it.
The bowl was updated.
Eyetrack studies showed when the logo was placed at the top it drew too much attention and the red background also made all the labels look too similar.

Source: the company

Walgreen to purchase regional drugstore chain

By Joan E. Solsman

Walgreen Co. agreed to buy **Duane Reade** from private-equity firm **Oak Hill Capital Partners** for $618 million, plus $457 million in debt, making the largest U.S. drugstore chain also the market leader in New York City.

Walgreen, which expects to close the purchase by the end of August, said it would retain the Duane Reade name.

The deal increases Walgreen's presence in the nation's largest metropolitan area. Walgreen, the largest U.S. drugstore chain by number of stores, currently operates 70 locations in the New York City area, while Duane Reade is nearly ubiquitous with its 257 stores. Duane Reade, though, has been hamstrung with debt and recently completed an image overhaul.

Walgreen said the purchase will hurt its earnings in the first year but help afterward as the company expects $120 million to $130 million in synergies in the third year after closing. Duane Reade had unaudited net sales of $1.8 billion for the year ended Dec. 26 and has the highest sales per square foot of any retail drugstore chain nationwide, the companies said in a joint statement.

"Duane Reade is a compelling strategic acquisition that will immediately provide Walgreens with a leading position in the largest drugstore market in the U.S.," said Walgreen Chief Executive Greg Wasson.

Walgreen said it would decide over time how to harmonize the Walgreen and Duane Reade brands. Illinois-based Walgreen said it would retain Duane Reade's store, pharmacy and distribution-center employees and "many members of Duane Reade's senior management team" following the acquisition.

Consolidation of core functions at the corporate offices also would occur over a period of time, the company said.

Duane Reade, which opened in 1960, is named after its first store located on Broadway between Duane and Reade streets in Manhattan. It is the largest drugstore chain in the New York City area. Over the past two years, Duane Reade has tried to improve its image with changes like updating store decor.

—George Stahl contributed to this article.

Bharti drawn to Africa's cellphone-growth potential

Continued from page 17

always be attractive because of their footprint there," said Badii Kechiche, a senior analyst in London at Pyramid Research.

Still, the prize asset in Zain's stable, Zain Nigeria, is also among the most contentious. Lawyers for privately held South African telecommunications operator **Econet Wireless Holdings** have an agreement from Zain that states the ownership of the Nigerian operation won't change hands until an ownership dispute dating back to 2006 is resolved, said founder and Chief Executive Officer Strive Masiyiwa.

He said the case is before a court-appointed tribunal in Nigeria and hearings are likely to begin in September.

Antoine Aboukhalil, a spokesman for Zain, said the company couldn't comment on any matters that are before a court.

The talks mark the third attempt by Bharti's Mr. Mittal to gain a foothold in Africa, the world's poorest continent but with a population of one billion and home to several fast-moving economies. Bharti has failed twice before to merge with Johannesburg-based **MTN Group**.

For global telecom companies, Africa offers strong growth potential. Cellphone penetration rates remain among the lowest anywhere. Zain has close to 42 million customers in the 15 countries the deal will include, with most markets having shown double-digit subscriber growth in recent years. There's room to grow: Cellphone penetration in these markets average less than 40%, according to industry researchers Onda Analytics.

For Bharti, coming to Africa may seem like coming home. Like Africa, India boasts high growth rates and rural populations with little fixed-line infrastructure. There are common aspirations for owning a cellphone, both as a tool for business and as a means to contact far-flung family members. And with growth has come aggressive competition.

Nigeria perhaps best highlights the potential pitfalls Bharti may face in entering the African market. With a population of nearly 150 million people and over 70 million wireless GSM subscribers, Nigeria is Africa's largest mobile market.

Operators compete for billboard ad space along the highways of Lagos and Abuja, and phone-card sellers line every street, no matter how busy or remote. And because of frequent network problems, many Nigerians, even those without high-paying jobs, have two phones and use two different GSM providers.

But Zain's market share has declined with intensifying competition. In the third quarter of 2009 privately held Nigerian company **Globacom** overtook Zain as Nigeria's second-biggest operator behind MTN, according to Cambridge, Massachusetts-based Pyramid Research.

Despite competition and headaches related to corruption and weak infrastructure, Nigeria continues to draw potential investors. The bidding for NITEL, for example, attracted interest from companies from Dubai, New Zealand and South Africa, among others, despite mismanagement and diminishing market share for the Nigerian company.

In another sizable market, Kenya, Zain has similarly hit competitive headwinds. In the third quarter of 2009, Zain's market share was static at 17%. The market is dominated by Nairobi-based **Safaricom** Ltd. Kenyans have been loyal to Safaricom since it introduced M-Pesa, a mobile banking service that has eight million registered users and has become the most popular means of money transfer in Kenya. Zain's more recently introduced alternative, Zap, isn't as widely used.

Zain also has had to overcome the perception among Kenyans that the brand is exclusively for upper-income consumers.

—Sarah Childress in Nairobi and Dania Saadi in Dubai contributed to this article.

Trends behind Japan's T-bill buying

High yields and the dollar's fall against the yen encouraged banks to buy U.S. Treasurys, but that may not last

By Tomoyuki Tachikawa

TOKYO—Japanese financial institutions helped drive the purchasing that made Japan the world's top holder of U.S. Treasurys in December, but the trends that encouraged its banks and others to buy may not last.

U.S. Treasury estimates Tuesday showed Japan overcame China as the No. 1 foreign holder of U.S. sovereign debt for that month. China's sharp paring of its own holdings from the month before, by $34.2 billion to $755.4 billion, made up a large part of the switch.

The sales come amid Chinese criticism of the U.S. fiscal position, though China remains a net buyer of longer-term debt and analysts noted the figures may not include purchases made through overseas middlemen.

In December, Japan increased its total to $768.8 billion from $757.3 billion in November. Though the data don't break out individual buyers, analysts pointed to Japanese corporate buyers, in the absence of major purchases by the Japanese government.

One factor was the climb in U.S. Treasury yields during that period. Bond prices, which move in the opposite direction of yields, were falling, offering a buying opportunity. The benchmark 10-year yield rose above 3.9% at the end of December, from around 3.2% at the start of the month. Mizuho Securities market analyst Masashi Shimominami said as U.S. long-term yields moved higher, Japanese banks and financial institutions were willing to buy Treasurys.

A similar motivating factor was the sharp fall in the U.S. dollar against the yen toward the end of 2009. This gave investors a chance to buy the bonds cheaply in yen terms, and to make money if the dollar moved back up. On Nov. 27, the dollar fell to as low as 84.82 yen, compared with around 90 yen in mid-November.

"At the end of November, the dollar fell sharply against the yen and many domestic institutional investors aimed to make foreign-exchange gains," said Akihiro Nishida, senior fixed-income strategist at Mitsubishi UFJ Securities. Made risk-averse by the Dubai debt crisis in the last two months of 2009, many investors moved into safer assets like U.S. bonds, he said.

Japan's low-rate environment also makes Treasury purchases profitable. The five-year U.S. cash bond carries a yield around 2.30%, higher than the roughly 2.165% yield on 20-year Japanese government bonds.

Japan's U.S. debt holdings have been growing for some time. Earlier last year, the financial crisis hurt risk appetite and drove investors of all stripes away from risky, high-yielding foreign financial products into safer assets, like U.S. Treasurys. In December 2008, Japan's Treasury holdings totaled $626 billion.

Many Japanese investors are now worried about the fiscal health of the U.S. They also face the risk that the dollar will weaken against the yen, reducing the value of their holdings in yen terms.

"Fears are growing that the U.S. fiscal health will worsen further as [President Barack] Obama hasn't been able to offer details on how to rebuild government finances," Mr. Nishida said. "Many now expect the U.S. government won't cut public spending or raise taxes ahead of November's midterm elections."

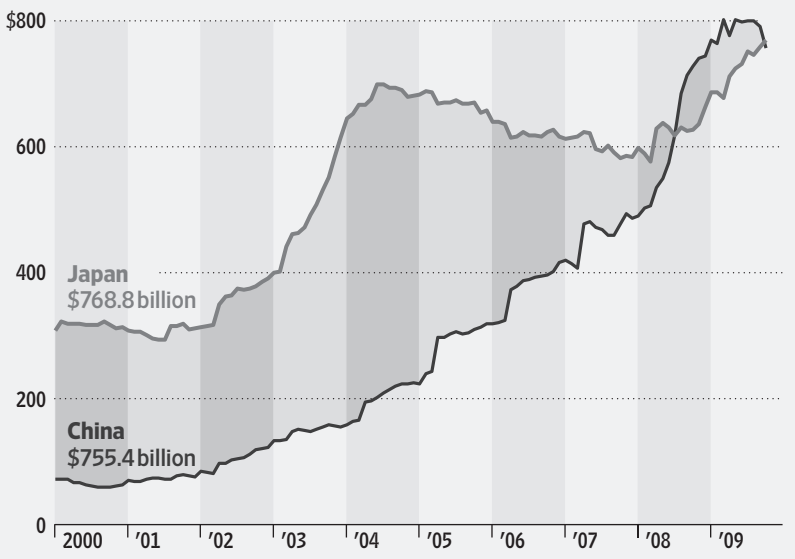
They also worry about the near certainty that the U.S. Federal Reserve will tighten monetary policy sooner than Japan's central bank, which could lead to a drop in bond pricing.

Some economists said China's selling was cause for modest concern but noted it occurred before the recent sovereign-debt worries in Europe. Those concerns have pounded the euro and driven many investors back into the relative safety of U.S. Treasury debt.

China's selling may have been less severe than the data suggest, because the Treasury International Capital data don't take into account what Beijing bought through offshore buyers in other countries. The numbers are often later revised upward.

Trading places, again

Japan's holdings of U.S. Treasurys surpassed those of China as of December.
In billions



Source: U.S. Treasury Department

Buffett sells Exxon, buys Iron Mountain

By Lavonne Kuykendall And Joe Bel Bruno

Warren Buffett did some fine-tuning on his investments, including a change of direction on one of his oil bets, during a fourth quarter that saw his portfolio rise about 2.4% in value, to about $57.9 billion.

Following investment moves he had begun in earlier quarters, Mr. Buffett continued reducing his stake in **ConocoPhillips** Co., an investment he has called a mistake. This time he shaved almost 20 million shares, to 37.7 million shares at the end of December, from the end of the third quarter.

Mr. Buffett's investment vehicle, **Berkshire Hathaway** Inc., reported its investments in common stock in a regulatory filing Tuesday.

Mr. Buffett also reversed direction on his holdings of **Exxon Mobil** Corp., cutting his stake to 421,800 shares at Dec. 31 from the 1.23 million he reported at the end of September. Mr. Buffett reported that he had first owned shares of Exxon Mobil as of June 30.

Mr. Buffett also continued cutting his holdings of **CarMax** Inc., shedding a million shares in the fourth quarter, and cut his holdings of heavy-equipment manufacturer **Ingersoll-Rand** PLC by about two million shares, to 5.63 million at the end of the year.

As expected, Mr. Buffett closed out his investments in **Norfolk Southern** Corp. and **Union Pacific** Corp. related to his deal to acquire **Burlington Northern Santa Fe** Corp., which closed on Friday. At Dec. 31, Mr. Buffett reported holding 76.8 million of Burlington Northern common shares.

Two big changes were to more than double his holdings in document- and information-management company **Iron Mountain** Inc. to seven million shares at the end of the year, and to more than double his holdings of **Republic Services** Inc. to 8.3 million shares, from 3.6 million at the end of September.

Mr. Buffett added more than one million shares to his **Wal-Mart Stores** Inc. holdings, to 37.8 million at year end. He had already doubled his Wal-Mart holdings in the third quarter.

Mr. Buffett cut his stake in **Procter & Gamble** Co. to 87.5 million shares at Dec. 31 from the 96.3 million shares he reported holding at Sept. 30. He also cut his holdings of **Sun Trust Banks** Inc. to 1.54 million shares at year-end from 2.22 million shares at Sept. 30, but increased his holdings in another banking firm, **Wells Fargo &** Co., to 320.1 million shares from 313.4 million at Sept. 30. He cut his **Wellpoint** Inc. holdings to 1.34 million shares from 3.4 million at Sept. 30.

Mr. Buffett has reported a few more share transactions that occurred after the end of 2009.

Munich Re AG said this year that Berkshire Hathaway had built up a stake in the German reinsurer and owned financial instruments as of Jan. 22 that could lift its voting rights in the company to 5.224% if exercised.

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MARKETS

Soros adds banks, telecoms

Billionaire investor's hedge fund increased value of its holdings by 42% in fourth quarter

By Roger Cheng

NEW YORK—Billionaire investor George Soros's hedge fund increased the value of its holdings by 42% over the last three months of 2009, adding to his position shares of financial and telecommunications companies.

Soros Fund Management reported holdings of $8.8 billion as of the end of the year, up from $6.2 billion as of Sept. 30, according to a filing late Tuesday with the Securities and Exchange Commission.

The fourth quarter saw a large amount of turnover for the Soros fund's holdings. The fund added 94.7 million shares in **Citigroup** Inc., worth $313.4 million at the time. The fund also added stakes in **Fifth Third Bancorp** and **BB&T** Corp., while slashing its stake in **J.P. Morgan Chase** & Co. to 4,500 shares from 73,700.

The fund also added to its position in the telecommunications sector. It doubled its stake in **Leap Wireless International** Inc., which is reportedly looking for an acquirer, as well as doubling its stake in **Motorola** Inc., which last week unveiled its plan to split into separate publicly traded companies. Soros Fund Management also added slightly to its position in **AT&T** Inc.

The Soros fund also shook up its position among the retailers, making a nearly six-fold increase in the fund's stake in **Kohl's** Corp., while cutting its stake in **Macy's** Inc. by more than half.

The fund dropped a number of technology names, including **Advanced Micro Devices** Inc. and **Akamai Technologies** Inc. However, the fund significantly added to its position in **Intel** Corp.

Many investors that manage more than $100 million are required to file 13-Fs with their stock holdings 45 days after the end of a given quarter, giving the public a glimpse into the portfolios of well-known money managers. Most hedge-fund managers and others wait until the last possible moment to make these filings. Because of the weekend and Presidents Day, the fourth-quarter deadline was Tuesday.

Reuters

The hedge fund led by George Soros, above, bought a stake in BB&T Corp.

Spain sells bond, finds healthy demand

By Michael Wilson

LONDON—Spain sold a €5 billion ($6.9 billion), 15-year bond, becoming the latest highly indebted euro-zone country to tap investors for cash.

The bond, which attracted strong demand, was priced in line with expectations.

Even so, Spain had to offer a premium to draw investors. The new Spanish bond yields about 0.13 percentage point more than similar Spanish bonds currently yield. French bank Natixis called the higher yield "very attractive compared to fair value."

The 4.65% bond was sold at 99.831 to yield 0.85 percentage point over midswaps, matching final guidance.

The offering comes at a crucial moment for the euro zone as it grapples with fallout from Greece's fiscal problems. European leaders have debated a possible rescue for Greece even as Athens strives to reduce its budget gap. Greece's problems have sent the euro lower against the dollar and raised questions about budget problems in other euro-zone countries, notably Spain, Ireland, Portugal and Italy.

Thursday, Spain will again tap the market, with an offer of €500 million to €1.5 billion of 4.2% bonds maturing in January 2037. The offer size is considered small and flexible enough to secure a smooth auction, especially after Wednesday's successful sale.

Spain's sovereign debt is rated triple-A by Moody's Investors Service and Fitch Ratings.

BNP Paribas posts profit, lifts dividend

By Jethro Mullen

PARIS—**BNP Paribas** SA swung to a net profit in the fourth quarter and raised its dividend 50% Wednesday, beating analysts' expectations a year after financial-market dislocation plunged it into the red.

France's largest bank by market value posted net profit of €1.37 billion ($1.89 billion) for the three months ended Dec. 31, compared with a €1.37 billion net loss a year earlier. Revenue more than doubled to €10.06 billion from €4.65 billion.

Seven analysts polled by Dow Jones Newswires had forecast, on average, a €1.02 billion net profit on revenue of €10.11 billion.

The lender also said it plans to pay a dividend of €1.50 a share for 2009, up from €1 a share a year earlier.

The latest results demonstrate the consistent earnings power with which BNP Paribas has emerged from the financial crisis. But evidence of the crisis was still present in the bank's earnings, as it booked €1.9 billion in provisions for future losses, although that was down 26% year-to-year and a 20% decrease from the third quarter.

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MARKETPLACE

U.S. pushes Galleon trial

Prosecutors argue criminal case should come before civil proceedings

By Chad Bray

NEW YORK—Prosecutors said that **Galleon Group** founder Raj Rajaratnam and a co-defendant will gain a tactical advantage if their criminal insider-trading case isn't heard until after a separate civil case by the Securities and Exchange Commission.

In court papers Tuesday, Assistant U.S. Attorney Jonathan Streeter said Mr. Rajaratnam and Danielle Chiesi, a former consultant with hedge-fund firm **New Castle Funds** LLC, will gain an "unfair strategic advantage" if the criminal case is delayed.

Mr. Streeter asked U.S. District Judge Richard J. Holwell in Manhattan to schedule the criminal case for June or July. The SEC civil case is set for trial in August.

"This court should reject their requests for delay, which are part of a broader strategic effort to try the parallel SEC action before this criminal case," Mr. Streeter said.

Mr. Rajaratnam and Ms. Chiesi have been charged in a 19-count indictment with conspiracy and securities fraud. They have denied wrongdoing. They were originally arrested and charged in the matter last October.

Alan Kaufman, Ms. Chiesi's lawyer, said the defendants haven't been the ones to set or control the schedule in either case and have simply reacted to what the judges have done in those cases. He noted that U.S. District Judge Jed S. Rakoff in Manhattan, who is overseeing the civil case, set a firm trial date for August.

Raj Rajaratnam

"To think that the defendant can prepare for two trials back to back is terribly prejudicial to defendants," Mr. Kaufman said.

Prosecutors from the U.S. attorney's office in Manhattan have alleged that Mr. Rajaratnam was at the center of an insider-trading ring that generated millions of dollars in improper trades. Prosecutors have claimed the scheme topped $49 million.

Wiretap recordings are expected to be a key part of the evidence in the case. Lawyers for Mr. Rajaratnam and Ms. Chiesi have indicated they plan to move to suppress many of those recordings.

In court papers, Mr. Streeter, the prosecutor, said they have turned over about 90 hours of wiretap intercepts involving Mr. Rajaratnam's cellphone and about 300 hours of calls to Ms. Chiesi's phones as part of the discovery process in the criminal case.

There were about 2,191 calls intercepted to Mr. Rajaratnam's cellphone, of which 1,373 were of no duration because the caller hung up or the call lasted less than one minute, Mr. Streeter said.

There were about 3,821 calls intercepted over Ms. Chiesi's phones, of which 2,019 were of no duration, Mr. Streeter said.

ING loss narrows, with charges easing

By Maarten van Tartwijk

AMSTERDAM—Dutch financial-services company **ING Groep** NV posted a narrower quarterly net loss as the burden of write-downs and other charges eased from the previous year.

However, the insurance business ING plans to divest to satisfy European Union demands disappointed market expectations.

After making a profit in two consecutive quarters, ING dipped back into the red with a fourth-quarter net loss of €712 million ($980.3 million), hurt by a €930 million charge for the extra fee it paid the Dutch state in return for the guarantee it got on its U.S. Alt-A mortgage portfolio. That compared with a €3.71 billion loss in the same period last year when it suffered hefty write-downs in volatile market conditions as a result of the financial crisis.

"Although asset impairments and revaluations continued to have a substantial impact on ING's results...the negative impact of market volatility was substantially lower in the fourth quarter than a year ago," said Chief Executive Officer Jan Hommen.

While ING may have the worst behind it, the results showed that the Amsterdam-based firm is still being hurt by losses on investments, albeit at a lower level than at the height of the financial crisis, analysts said.

"Weak U.S. housing markets will continue to trigger impairments, and loan losses will remain high for the coming quarters," said SNS Securities analyst Maarten Altena, who has a "buy" rating on ING shares.

Analysts were disappointed by the weak performance of ING's insurance business, which will be sold sometime in the next few years as part of a major restructuring plan that will nearly halve ING's balance sheet. The revamp will transform the company into a mainly European bank.

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Japan 10-year yield rises as stocks gain

By Tomoyuki Tachikawa

TOKYO—Japanese government bond yields were narrowly mixed Wednesday as a sharp domestic stock market sparked sales of lower-risk assets.

BOND MARKETS

The benchmark 10-year yield crept up 0.005 percentage point to 1.325%. But the 20-year yield, which climbed Tuesday, eased 0.005 percentage point to 2.165%.

"Japanese investors are likely to continue selling JGBs, and long-term yields may keep rising gradually," Mizuho Securities market analyst Masashi Shimominami said.

Still, some traders said moves may be limited, depending on remarks from Bank of Japan Gov. Maasaki Shirakawa. Mr. Shirakawa is scheduled to hold a news conference after the central bank's two-day policy board meeting ending Thursday.

If he indicates that the central bank may take further steps to keep short-term interest rates low to battle deflation, many players will likely buy bonds on increased expectations for more accommodative domestic financial conditions.

The central bank is widely expected to keep its interest rate at a rock-bottom 0.1% and take no additional action this month.

BofA's Donofrio to head world corporate banking

By Patricia Kowsmann

LONDON—Bank of America Merrill Lynch named global corporate and investment banking executive Paul Donofrio as its new head of global corporate banking business.

Mr. Donofrio will replace Cathy Bessant, who has been named global technology and operations executive.

He will continue to report to Tom Montag, global banking and markets president.

London-based Mr. Donofrio has been with **Bank of America** Corp., the parent of Bank of America Merrill Lynch, since 1999.

The U.S. bank said Mr. Donofrio "played a critical role" during the merger of Bank of America and Merrill Lynch, and led the integration of the corporate and investment banking businesses.

Treasurys slip after housing, output reports

By Min Zeng

NEW YORK—Treasury prices fell as U.S. reports on housing and industrial production bolstered optimism on the economic outlook, dimming the allure of holding low-risk government debt.

The data showed housing starts in January rose to the highest level in six months, while industrial production increased more than economists' forecasts. Combined with upbeat corporate-earning forecasts and easing worries over fiscal problems for several euro-zone nations including Greece, the reports spurred investors to move away from Treasurys and into stocks and commodities.

U.S. CREDIT MARKETS

In late-morning trade Wednesday, the two-year note was down 2/32 at 100 3/32 to yield 0.8264%, and the 10-year note fell 9/32 to 99 13/32 to yield 3.6966%. The 30-year bond declined 18/32 to 99 8/32 to yield 4.6717%. Bond prices move inversely to yields.

The reports came ahead of the release of the minutes from the Federal Reserve's last rate-setting meeting, due at 2 p.m. in New York. In the January meeting, the Federal Open Market Committee vowed to keep interest rates at a record low for an extended period due to low inflation and high unemployment.

In recent speeches, Fed Chairman Ben Bernanke has laid out the road map on how to withdraw trillions of dollars of monetary stimulus pumped into the system to rescue the economy over nearly two years, but he stopped short of offering any specific timetable.

The yield spread between the two-year note and the 10-year note, known as the benchmark yield curve, widened to 2.87 percentage points from 2.85 percentage points Tuesday. The yield gap widened to a record 2.90 percentage points in mid-January and has traded around that level over the past few weeks.

The higher yield premium on long-dated Treasurys reflects the low policy rate that has anchored the two-year note's yield, while mounting debt supply and budding inflation fears have weighed on the long end of the Treasury market.

FUND SCORECARD

HF Developed Asia Equity

These funds primarily take long/short positions in Asian equities. At least 60% of assets are invested in Developed Greater Asia equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 17, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**UG Greater China Multi-Strategy Fund**	UG Investment Advisers Limited	USD	Cayman Isl	**1.94**	60.27	8.10	20.64
3	**Lloyd George Asian Plus Fund**	Lloyd George Management	USD	Cayman Isl	**-1.60**	53.38	-12.86	8.14
3	**MM&E Capital Investment Trust II**	MM&E Capital Limited	AUD	Australia	**-1.22**	49.83	-0.12	8.39
3	**MM&E Capital Investment Trust I**	MM&E Capital Limited	AUD	Australia	**-1.24**	49.31	0.16	8.57
1	**Permal Long Funds Japan EUR B**	Permal Asset Management Inc.	EUR	Luxembrg	**42.68**	44.72	-35.22	-9.40
3	**Arcus Zensen Fund**	Arcus Investment Limited	USD	Cayman Isl	**43.55**	43.55	1.39	3.36
NS	**SC Asian Opportunity Fund, L.P.**	SC Fundamental LLC	USD	United States	**0.65**	40.38	-6.04	NS
3	**Frontier Asia Fund**	Frontier Asia Capital Limited	USD	Cayman Isl	**-7.60**	39.86	2.86	NS
5	**Martin Currie China Hedge USD**	Martin Currie Inc.	USD	Bermuda	**-2.50**	38.01	11.24	15.51
4	**Martin Currie China Hedge EUR**	Martin Currie Inc.	USD	Bermuda	**-2.70**	37.48	11.05	14.89

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/16	EUR	48.93	-10.4	18.7	-25.2
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/16	USD	10.15	-2.1	34.6	-11.4
Am Eq Blend B	US	EQ	LUX	02/16	USD	9.52	-2.4	33.1	-12.2
Am Growth A	US	EQ	LUX	02/16	USD	30.02	-3.9	34.9	-1.5
Am Growth AX	US	EQ	LUX	02/16	USD	32.43	-3.8	35.7	-1.0
Am Growth B	US	EQ	LUX	02/16	USD	25.21	-4.0	33.6	-2.5
Am Growth C	US	EQ	LUX	02/16	USD	27.15	-3.9	34.3	-1.9
Am Growth I	US	EQ	LUX	02/16	USD	33.31	-3.8	36.0	-0.7
Am Income A	US	BD	LUX	02/16	USD	8.42	-0.1	24.7	6.0
Am Income A2	OT	OT	NA	02/16	HKD	148.94	0.7	25.4	6.3
Am Income A2	US	BD	LUX	02/16	USD	19.17	0.7	25.4	6.3
Am Income AT	OT	OT	NA	02/16	HKD	65.50	0.7	25.4	6.3
Am Income AT	US	BD	LUX	02/16	USD	8.43	0.7	25.4	6.3
Am Income B	US	BD	LUX	02/16	USD	8.42	-0.1	23.8	5.2
Am Income B2	OT	OT	NA	02/16	HKD	128.20	0.5	24.4	5.5
Am Income B2	US	BD	LUX	02/16	USD	16.50	0.5	24.4	5.5
Am Income BT	OT	OT	NA	02/16	HKD	65.81	0.1	23.8	5.3
Am Income BT	US	BD	LUX	02/16	USD	8.47	0.1	23.8	5.3
Am Income C	US	BD	LUX	02/16	USD	8.42	-0.1	24.1	5.5
Am Income C2	US	BD	LUX	02/16	USD	24.55	0.6	24.7	5.8
Am Income I	US	BD	LUX	02/16	USD	8.42	-0.1	25.4	6.6
Am Value A	US	EQ	LUX	02/16	USD	8.47	-0.7	21.7	-10.8
Am Value B	US	EQ	LUX	02/16	USD	7.79	-0.8	20.6	-11.7
Am Value C	US	EQ	LUX	02/16	USD	8.47	-0.7	21.3	-11.2
Am Value I	US	EQ	LUX	02/16	USD	9.13	-0.5	22.9	-10.0
Emg Mkts Debt A	GL	BD	LUX	02/16	USD	15.45	-0.7	43.5	7.7
Emg Mkts Debt A2	GL	BD	LUX	02/16	USD	20.12	0.0	44.2	8.0
Emg Mkts Debt AT	GL	BD	LUX	02/16	USD	15.53	-0.4	43.6	7.8
Emg Mkts Debt B	GL	BD	LUX	02/16	USD	15.45	-0.7	42.2	6.7
Emg Mkts Debt B2	GL	BD	LUX	02/16	USD	19.36	0.0	42.9	7.0
Emg Mkts Debt BT	GL	BD	LUX	02/16	USD	15.51	-0.4	42.3	6.8
Emg Mkts Debt C	GL	BD	LUX	02/16	USD	15.45	-0.7	42.9	7.3
Emg Mkts Debt C2	GL	BD	LUX	02/16	USD	19.77	0.1	43.7	7.6
Emg Mkts Debt I	GL	BD	LUX	02/16	USD	15.45	-0.7	44.1	8.3
Emg Mkts Growth A	GL	EQ	LUX	02/16	USD	32.70	-5.6	68.6	-12.3
Emg Mkts Growth B	GL	EQ	LUX	02/16	USD	27.68	-5.8	67.0	-13.1
Emg Mkts Growth C	GL	EQ	LUX	02/16	USD	28.33	-5.7	67.9	-12.6
Emg Mkts Growth I	GL	EQ	LUX	02/16	USD	36.29	-5.5	70.1	-11.5
Eur Growth A	OT	OT	LUX	02/16	EUR	9.40	-2.8	25.6	-14.2
Eur Growth A	OT	OT	LUX	02/16	EUR	6.83	-2.8	25.6	-14.2
Eur Growth B	OT	OT	LUX	02/16	EUR	6.13	-3.0	24.3	-15.1
Eur Growth B	OT	OT	LUX	02/16	USD	8.43	-3.0	24.3	-15.1
Eur Growth C	EU	EQ	LUX	02/16	EUR	5.17	-3.0	24.9	-14.6
Eur Growth I	OT	OT	LUX	02/16	USD	10.25	-2.9	26.5	-13.6
Eur Growth I	OT	OT	LUX	02/16	EUR	7.45	-2.9	26.5	-13.6
Eur Income A	OT	OT	LUX	02/16	EUR	6.63	0.5	40.0	5.9
Eur Income A	OT	OT	LUX	02/16	USD	9.12	0.5	40.0	5.9
Eur Income A2	OT	OT	LUX	02/16	EUR	13.02	1.2	40.5	6.1
Eur Income A2	OT	OT	LUX	02/16	USD	17.92	1.2	40.5	6.1
Eur Income AT	EU	BD	LUX	02/16	EUR	6.63	1.2	40.4	6.1
Eur Income B	OT	OT	LUX	02/16	EUR	6.63	0.5	39.3	5.2
Eur Income B	OT	OT	LUX	02/16	USD	9.12	0.5	39.3	5.2
Eur Income B2	OT	OT	LUX	02/16	EUR	12.10	1.1	39.4	5.4
Eur Income B2	OT	OT	LUX	02/16	USD	16.65	1.1	39.4	5.4
Eur Income BT	EU	BD	LUX	02/16	EUR	6.63	0.6	39.0	5.2
Eur Income C	OT	OT	LUX	02/16	EUR	6.63	0.5	39.5	5.5
Eur Income C	OT	OT	LUX	02/16	USD	9.12	0.5	39.5	5.5
Eur Income C2	OT	OT	LUX	02/16	USD	12.98	1.2	40.0	5.7
Eur Income C2	OT	OT	LUX	02/16	USD	17.86	1.2	40.0	5.7
Eur Income I	OT	OT	LUX	02/16	EUR	6.63	0.5	40.6	6.4
Eur Income I	OT	OT	LUX	02/16	USD	9.12	0.5	40.6	6.4
Eur Strat Value A	OT	OT	LUX	02/16	EUR	8.15	-4.5	26.0	-17.3
Eur Strat Value A	OT	OT	LUX	02/16	USD	11.21	-4.5	26.0	-17.3
Eur Strat Value I	OT	OT	LUX	02/16	EUR	8.35	-4.5	27.1	-16.6
Eur Strat Value I	OT	OT	LUX	02/16	USD	11.49	-4.5	27.1	-16.6
Eur Value A	OT	OT	LUX	02/16	EUR	8.78	-4.6	29.5	-14.0
Eur Value A	OT	OT	LUX	02/16	USD	12.08	-4.6	29.5	-14.0
Eur Value B	OT	OT	LUX	02/16	USD	11.09	-4.7	28.1	-14.9
Eur Value B	OT	OT	LUX	02/16	EUR	8.06	-4.7	28.1	-14.9
Eur Value C	OT	OT	LUX	02/16	USD	8.48	-4.6	28.9	-14.4
Eur Value C	OT	OT	LUX	02/16	EUR	11.67	-4.6	28.9	-14.4
Eur Value I	OT	OT	LUX	02/16	USD	13.97	-4.4	30.5	-13.3
Eur Value I	OT	OT	LUX	02/16	EUR	10.15	-4.4	30.5	-13.3
Gl Balanced (Euro) A	OT	OT	LUX	02/16	USD	15.63	-1.0	24.2	-8.8
Gl Balanced (Euro) B	OT	OT	LUX	02/16	USD	15.20	-1.1	22.9	-9.7
Gl Balanced (Euro) C	OT	OT	LUX	02/16	USD	15.51	-1.0	23.8	-9.1
Gl Balanced (Euro) I	OT	OT	LUX	02/16	USD	15.93	-0.9	NS	NS
Gl Balanced A	US	BA	LUX	02/16	USD	16.11	-2.2	29.1	-8.9
Gl Balanced B	US	BA	LUX	02/16	USD	15.29	-2.4	27.7	-9.8
Gl Balanced C	OT	OT	LUX	02/16	USD	15.86	-2.3	28.6	-9.2
Gl Balanced C	OT	OT	LUX	02/16	EUR	11.53	-2.3	28.6	-9.2
Gl Balanced I	US	BA	LUX	02/16	USD	16.72	-2.2	29.9	-8.3
Gl Bond A	US	BD	LUX	02/16	USD	9.33	1.0	14.9	4.8
Gl Bond A2	OT	OT	NA	02/16	HKD	126.33	1.6	15.3	5.0
Gl Bond A2	US	BD	LUX	02/16	USD	16.26	1.6	15.3	5.0
Gl Bond AT	OT	OT	LUX	02/16	HKD	72.49	1.2	14.9	4.8
Gl Bond AT	US	BD	LUX	02/16	USD	9.33	1.2	14.9	4.8
Gl Bond B	US	BD	LUX	02/16	USD	9.33	1.0	13.9	3.8
Gl Bond B2	OT	OT	NA	02/16	HKD	110.48	1.4	14.1	3.9
Gl Bond B2	US	BD	LUX	02/16	USD	14.22	1.4	14.1	3.9
Gl Bond BT	OT	OT	LUX	02/16	HKD	72.80	1.2	14.0	3.8
Gl Bond BT	US	BD	LUX	02/16	USD	9.37	1.2	14.0	3.8
Gl Bond C	US	BD	LUX	02/16	USD	9.33	1.0	14.4	4.3
Gl Bond C2	US	BD	LUX	02/16	USD	14.10	1.5	14.8	4.5
Gl Bond I	US	BD	LUX	02/16	USD	9.33	1.0	15.5	5.4
Gl Conservative A	US	BA	LUX	02/16	USD	14.79	-0.5	19.1	-3.0
Gl Conservative A2	US	BA	LUX	02/16	USD	16.83	-0.6	19.1	-3.0
Gl Conservative B	US	BA	LUX	02/16	USD	14.76	-0.7	17.9	-4.0
Gl Conservative B2	US	BA	LUX	02/16	USD	15.97	-0.7	17.9	-4.0
Gl Conservative C	US	BA	LUX	02/16	USD	14.77	-0.6	18.6	-3.5
Gl Conservative C2	US	BA	LUX	02/16	USD	16.46	-0.6	18.6	-3.4
Gl Conservative I	US	BA	LUX	02/16	USD	14.87	-0.5	20.1	-2.3
Gl Eq Blend A	GL	EQ	LUX	02/16	USD	11.10	-4.8	37.4	-18.7
Gl Eq Blend B	GL	EQ	LUX	02/16	USD	10.40	-5.0	35.9	-19.5
Gl Eq Blend C	GL	EQ	LUX	02/16	USD	10.90	-4.9	36.8	-19.0
Gl Eq Blend I	GL	EQ	LUX	02/16	USD	11.72	-4.7	38.4	-18.0
Gl Growth A	GL	EQ	LUX	02/16	USD	40.04	-4.5	33.7	-19.3
Gl Growth B	GL	EQ	LUX	02/16	USD	33.39	-4.5	32.4	-20.1
Gl Growth C	GL	EQ	LUX	02/16	USD	38.40	-4.5	33.1	-19.7
Gl Growth I	GL	EQ	LUX	02/16	USD	44.51	-4.3	34.8	-18.7
Gl High Yield A	US	BD	LUX	02/16	USD	4.29	-0.9	55.0	5.6
Gl High Yield A2	OT	OT	NA	02/16	HKD	72.02	0.1	56.1	5.9
Gl High Yield A2	US	BD	LUX	02/16	USD	9.27	0.1	56.1	5.9
Gl High Yield AT	US	BD	LUX	02/16	USD	4.26	0.2	56.0	5.9
Gl High Yield AT	OT	OT	NA	02/16	HKD	33.10	0.2	56.0	5.9
Gl High Yield B	US	BD	LUX	02/16	USD	4.29	-0.9	53.2	4.4
Gl High Yield B2	OT	OT	NA	02/16	HKD	115.61	0.0	54.5	4.8
Gl High Yield B2	US	BD	LUX	02/16	USD	14.88	0.0	54.5	4.8
Gl High Yield BT	OT	OT	NA	02/16	HKD	33.64	-0.7	53.6	4.5
Gl High Yield BT	US	BD	LUX	02/16	USD	4.33	-0.7	53.6	4.5
Gl High Yield C	US	BD	LUX	02/16	USD	4.29	-0.9	54.2	5.1
Gl High Yield C2	US	BD	LUX	02/16	USD	13.74	0.1	55.6	5.4
Gl High Yield I	US	BD	LUX	02/16	USD	4.29	-0.9	56.0	6.3
Gl Thematic Res. A	OT	OT	LUX	02/16	USD	14.20	-3.6	69.2	-0.4
Gl Thematic Res. B	OT	OT	LUX	02/16	USD	12.40	-3.8	67.6	-1.3
Gl Thematic Res. I	OT	OT	LUX	02/16	USD	15.84	-3.6	70.5	0.4
Gl Value A	GL	EQ	LUX	02/16	USD	10.57	-5.1	41.3	-18.0
Gl Value B	GL	EQ	LUX	02/16	USD	9.70	-5.3	40.0	-18.8
Gl Value C	GL	EQ	LUX	02/16	USD	10.26	-5.3	40.5	-18.4
Gl Value I	GL	EQ	LUX	02/16	USD	11.25	-5.1	42.4	-17.3
Greater China A	AS	EQ	LUX	02/16	USD	37.66	-5.9	52.8	-12.9
Greater China B	AS	EQ	LUX	02/16	USD	33.28	-6.0	51.3	-13.8
Greater China C	AS	EQ	LUX	02/16	USD	37.16	-6.0	52.1	-13.3
India Growth A	OT	OT	LUX	02/16	USD	121.48	-4.3	NS	NS
India Growth AX	OT	OT	LUX	02/16	USD	106.23	-4.2	80.3	-6.6
India Growth B	OT	OT	LUX	02/16	USD	127.10	-4.4	NS	NS
India Growth BX	OT	OT	LUX	02/16	USD	90.69	-4.4	78.5	-7.5
India Growth I	EA	EQ	LUX	02/16	USD	110.16	-4.2	81.1	-6.3
Int'l Health Care A	OT	EQ	LUX	02/16	USD	137.26	-0.2	17.8	-5.7
Int'l Health Care B	OT	EQ	LUX	02/16	USD	115.63	-0.3	16.7	-6.6
Int'l Health Care C	OT	EQ	LUX	02/16	USD	131.47	-0.2	17.3	-6.1
Int'l Health Care I	OT	EQ	LUX	02/16	USD	150.12	0.0	18.8	-5.0
Int'l Technology A	OT	EQ	LUX	02/16	USD	105.00	-4.9	46.2	-5.6
Int'l Technology B	OT	EQ	LUX	02/16	USD	90.87	-5.0	44.8	-6.5
Int'l Technology C	OT	EQ	LUX	02/16	USD	101.41	-4.9	45.6	-6.0
Int'l Technology I	OT	EQ	LUX	02/16	USD	117.85	-4.8	47.4	-4.8
Japan Eq Blend A	JP	EQ	LUX	02/16	JPY	5796.00	-3.8	22.7	-19.9
Japan Eq Blend B	JP	EQ	LUX	02/16	JPY	5585.00	-3.9	21.4	-20.7
Japan Eq Blend C	JP	EQ	LUX	02/16	JPY	5700.00	-3.8	22.1	-20.3
Japan Growth A	JP	EQ	LUX	02/16	JPY	5518.00	-6.1	12.6	-21.4
Japan Growth B	JP	EQ	LUX	02/16	JPY	5318.00	-6.2	11.4	-22.1
Japan Growth C	JP	EQ	LUX	02/16	JPY	5427.00	-6.1	12.1	-21.7
Japan Strat Value A	JP	EQ	LUX	02/16	JPY	6045.00	-1.2	33.3	-18.8
Japan Strat Value B	JP	EQ	LUX	02/16	JPY	5832.00	-1.3	32.0	-19.6
Japan Strat Value C	JP	EQ	LUX	02/16	JPY	5940.00	-1.3	32.6	-19.1
Real Estate Sec. A	OT	EQ	LUX	02/16	USD	13.67	-4.7	56.8	-14.2
Real Estate Sec. B	OT	EQ	LUX	02/16	USD	12.48	-4.9	55.2	-15.0
Real Estate Sec. I	OT	EQ	LUX	02/16	USD	14.70	-4.7	58.1	-13.5
Short Mat Dollar A	US	BD	LUX	02/16	USD	7.27	0.0	13.7	-5.0
Short Mat Dollar A2	US	BD	LUX	02/16	USD	9.84	0.5	14.0	-4.9
Short Mat Dollar AT	US	BD	LUX	02/16	USD	7.27	0.3	13.7	-5.0
Short Mat Dollar B	US	BD	LUX	02/16	USD	7.27	0.0	13.2	-5.4
Short Mat Dollar B2	US	BD	LUX	02/16	USD	9.79	0.5	13.6	-5.3
Short Mat Dollar BT	OT	OT	LUX	02/16	USD	7.28	0.1	NS	-5.7
Short Mat Dollar C	US	BD	LUX	02/16	USD	7.27	0.0	13.2	-5.4
Short Mat Dollar C2	US	BD	LUX	02/16	USD	13.84	0.5	13.5	-5.3
Short Mat Dollar I	US	BD	LUX	02/16	USD	7.27	0.0	14.2	-4.4

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	12/31	USD	1691.35	74.6	74.6	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/15	USD	102.68	2.7	24.8	20.7
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	11/30	USD	96.31	14.7	11.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	34.0	34.0	-27.7
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/09	USD	31.98	-21.6	-62.1	-13.9
Superfund GCT USD*	GL	EQ	LUX	02/09	USD	1794.00	-18.2	-51.2	-10.8
Superfund Green Gold A (SPC)	OT	OT	CYM	02/09	USD	823.27	-14.6	-30.2	-4.4
Superfund Green Gold B (SPC)	OT	OT	CYM	02/09	USD	740.31	-20.9	-46.2	-11.1
Superfund Q-AG*	OT	OT	AUT	02/09	EUR	5786.00	-12.6	NS	-2.9
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	01/29	EUR	191.46	-2.7	-8.1	4.3
Winton Futures GBP Cls D	OT	OT	VGB	01/29	GBP	207.19	-2.7	-7.6	5.2
Winton Futures JPY Cls E	OT	OT	VGB	01/29	JPY	13526.58	-2.6	-9.3	2.0
Winton Futures USD Cls B	OT	OT	VGB	01/29	USD	680.91	-2.6	-8.1	4.0
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/17	EUR	49.66	-4.8	40.7	-8.3
Industria AE	EU	EQ	DEU	02/17	EUR	70.70	-1.1	34.8	-12.9
InternRent AE	EU	BD	DEU	02/17	EUR	37.06	5.2	1.3	10.3
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/05	USD	280811.90	2.3	117.7	10.5

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MARKETS

BofA, Home Depot drive U.S. stocks

By Donna Kardos Yesalavich And Kristina Peterson

NEW YORK—U.S. stocks rose as housing and industrial data showed improvement and companies posted strong earnings, but anxiety lingered over European finances and unemployment.

The Dow Jones Industrial Average was up 39.37 points, or 0.4%, at 10308.18 in midday trade Wednesday. **Bank of America** was the measure's best performer, extending its gains from Tuesday with a 2.6% rise. **Home Depot** gained 1.8%, as housing starts rose to their highest level in six months, while **Caterpillar** climbed 0.9% as a report on industrial production also topped expectations.

ABREAST OF THE MARKET

The Nasdaq Composite firmed 0.3% to 2220.76, while the Standard & Poor's 500-share index added 0.4% to 1098.83, led by its healthcare and consumer-staples sectors. **Whole Foods Market** helped boost the staples sector. The grocer jumped 12% after reporting a 71% rise in fiscal first-quarter profit, topping Wall Street expectations, and raising its 2010 earnings and sales view.

Helping boost sentiment, several companies reported better-than-expected earnings, including **Deere**. Its shares jumped 5% after the maker of farming and construction equipment posted a surprise 19% rise in earnings that beat market expectations. The company also lifted its profit forecast for the year.

Humana was among the healthcare sector's gainers with a 2% rise after the health insurer said it will shed nearly 1,400 jobs, or 5% of its work force this year.

European stocks

Key indexes advanced for the third consecutive session, boosted by strong earnings from the financial sector.

The pan-European Dow Jones Stoxx 600 index added 1.4% to close at 247.69.

Among major national indexes, the U.K. FTSE 100 index rose 0.6% to 5276.64, the German DAX index added 1% to 5648.34 and the French CAC-40 index rose 1.5% to 3725.21.

But the Greek ASE Composite Index fell 0.4% to 1858.49.

French bank **BNP Paribas** climbed 4% in Paris as its fourth-quarter net profit topped market expectations. **ING Groep** rose 5.6% in Amsterdam after it narrowed its fourth-quarter loss.

Barclays, which posted stronger-than-expected earnings on Tuesday, added another 2.9% in London.

Norway's **Norsk Hydro** fell 5% in Oslo as the power and aluminum firm said it remains cautious for 2010.

—Sarah Turner in London contributed to this article.

Dollar climbs to 2-week high against the yen

By Fabio Alves

The dollar rallied, hitting a two-week high against the yen, after stronger U.S. economic data fueled bets the Federal Reserve will tighten monetary policy sooner than expected.

The dollar jumped to the highest level since Feb. 3 against the yen.

Demand for the greenback also dented the euro, on the back of data that showed U.S. housing starts in January climbed to the strongest level since July 2009, while industrial production beat analysts' estimates.

CURRENCY MARKETS

"The data show that the economy will rebound in the U.S. before it does in Europe and Japan," said Sebastien Galy, currency strategist at BNP Paribas in New York.

Rising Treasury yields, in the wake of the economic data, also added more pressure on the yen and the euro, making dollar-denominated assets more attractive, traders said.

Late Wednesday morning in New York, the euro was at $1.3616 from $1.3769 late Tuesday. The dollar was at 90.78 yen from 90.16 yen, while the euro was at 123.60 yen from 124.15 yen. The U.K. pound was at $1.5693 from $1.5787. The dollar was at 1.0776 Swiss francs from 1.0663 francs.

The Canadian dollar was slightly lower. The U.S. dollar was at 1.0462 Canadian dollars from C$1.0436.

Resource-linked shares, exporters lift Nikkei

By Shri Navaratnam And Leslie Shaffer

Shares in Tokyo rallied Wednesday, with a weaker yen boosting exporters and worries about Greece's debt receding.

Japan's Nikkei Stock Average of 225 companies advanced 2.7% to 10306.83 for its best single-day percentage gain this year.

The index was also helped by gains in resource shares as commodity prices rose, a trend that boosted other Asian markets as well.

ASIAN-PACIFIC STOCKS

Hong Kong shares advanced as trading resumed for the first time this week after the Lunar New Year holidays, aided by Chinese lenders, which shrugged off the People's Bank of China's decision Friday to increase banks' reserve requirements.

Australia's S&P/ASX 200 added 2.2% to close at 4667.86, and Hong Kong's Hang Seng Index tacked on 1.3% to 20534.01. India's Sensex advanced 1.3% to 16428.91. Stock markets in China, Taiwan and Vietnam remained closed.

Concerns about Greece were on the backburner, although European Union finance ministers Tuesday stopped short of an explicit rescue plan for the country. Traders said worries appear to have eased somewhat after the EU gave the fiscally stressed country until mid-March to devise a more comprehensive fiscal consolidation plan for 2010.

Regional resource and shipping stocks marched higher on the back of an increase in gold and crude-oil prices.

In Sydney, **BHP Billiton** added 2.1% and **Newcrest Mining** tacked on 4.3%. **Mitsui O.S.K. Lines** surged 5% in Tokyo; **Yanzhou Coal Mining** gained 2.4%, and **China Cosco Holdings** added 2.1% in Hong Kong.

Gains on Wall Street and a weakened yen propelled several Japanese exporters. **Canon** jumped 4.2% and **Nissan Motor** advanced 3.2%.

U.S. President Barack Obama's announcement of $8.3 billion in federally backed loans to the country's nuclear-power industry boosted industry players in Japan. **Toshiba** soared 6.3% and **Mitsubishi Heavy Industries** gained 2.8%.

Chinese banks added to overall market gains in Hong Kong, ignoring the central bank's move Friday to increase lenders' reserve requirements by a half-point. **Industrial & Commercial Bank of China** gained 2.2%, and **Bank of China** rose 1.8%.

In Sydney, banking shares extended gains, with **Westpac Banking** advancing 2.8% on brokerage upgrades following its strong quarterly trading update Tuesday. **National Australia Bank** climbed 3.5%, while **Australia & New Zealand Banking Group** gained 4.6%.

In Mumbai, **Tata Steel** ended up 6.4%, buoyed by better-than expected third-quarter consolidated earnings and improving performance at the company's European unit, Corus.

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GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/05	USD	1292.96	4.0	26.7	-6.0
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/15	JPY	13901.07	-10.5	54.4	2.0
GAM Asia Equity Hedge US	OT	OT	VGB	02/15	USD	259.44	-10.6	NS	3.3
GAM Asia Equity USD	OT	OT	VGB	02/16	USD	603.38	-7.7	59.7	-11.1
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/16	USD	1252.87	-2.3	27.3	-11.6
GAM Com Glb Bal EUR Op	US	BA	VGB	02/08	EUR	94.79	-2.0	17.3	-7.9
GAM Com Glb Bal USD Op	US	BA	VGB	02/08	USD	125.26	-2.0	17.3	-7.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/08	EUR	95.26	-5.1	25.2	-14.3
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/08	USD	121.02	-5.1	25.2	-14.3
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/08	EUR	85.28	-3.6	18.3	-11.6
GAM Comp Glb Gr USD Op	US	BA	VGB	02/08	USD	122.53	-3.6	18.3	-11.6
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/12	USD	237.45	-4.5	31.5	-8.5
GAM Cross Trading Inc	OT	OT	VGB	02/08	USD	463.70	-0.5	4.0	2.7
GAM Diversity CHF Op	OT	OT	VGB	02/08	CHF	93.78	-0.6	3.0	-5.7
GAM Diversity EUR Op	OT	OT	VGB	02/08	EUR	645.07	-0.5	3.7	-4.5
GAM Diversity USD 2.5XL	OT	OT	VGB	02/08	USD	77.14	-1.5	6.4	NS
GAM Diversity USD Op	OT	OT	VGB	02/08	USD	677.63	-0.5	3.8	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	02/08	CHF	98.94	-0.6	2.6	-5.4
GAM Dvrsty II EUR Op	OT	OT	VGB	02/08	EUR	138.04	-0.5	2.9	-4.6
GAM Dvrsty II USD Op	OT	OT	VGB	02/08	USD	209.11	-0.5	3.2	-4.6
GAM DvrstyIII EUR Op	OT	OT	VGB	02/08	EUR	114.92	-0.5	2.9	-5.1
GAM DvrstyIII USD Op	OT	OT	VGB	02/08	USD	121.37	-0.5	3.2	-5.2
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/15	EUR	216.19	-1.2	9.5	-3.1
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/15	USD	200.72	-1.3	10.6	-1.6
GAM European Equity USD	OT	OT	VGB	02/16	USD	272.62	-9.2	26.8	-12.6
GAM GAMCO	OT	EQ	VGB	02/09	USD	772.76	-4.7	40.7	-9.5
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/08	EUR	94.03	-3.9	9.9	-17.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/15	USD	101.33	-1.8	10.9	-14.7
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/15	USD	242.90	-2.8	26.6	-5.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/08	USD	252.20	-12.0	93.4	18.7
GAM Intrst Trend II	GL	BD	VGB	02/08	USD	102.35	8.7	62.1	-4.9
GAM Intrst Trend Inc	OT	OT	VGB	02/08	USD	272.95	8.5	75.0	-2.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/15	EUR	120.90	3.6	14.8	-0.4
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/15	USD	124.04	1.6	17.5	-13.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/08	JPY	8463.59	0.7	16.3	-15.9
GAM Japan USD	JP	EQ	VGB	02/16	USD	1104.38	0.1	22.3	-13.2
GAM Japan YEN	JP	EQ	VGB	02/16	JPY	8728.47	-1.1	23.8	-19.2
GAM Money Mkt EuroOp	EU	MM	VGB	02/15	EUR	51.16	0.1	0.2	1.5
GAM Money Mkt USD	US	MM	VGB	02/15	USD	100.02	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/08	EUR	112.44	1.1	1.3	-6.2
GAM Multi-Arb USD Op	OT	OT	VGB	02/08	USD	117.31	1.1	1.5	-8.7
GAM Multi-China EUR Op	OT	OT	VGB	02/08	EUR	159.49	-5.0	6.3	-2.5
GAM Multi-China USD Op	OT	OT	VGB	02/08	USD	168.13	-4.8	7.2	-2.5
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/08	GBP	127.87	-2.8	22.5	-2.4
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/08	USD	633.36	-2.7	22.6	-2.5
GAM Multi-Eur EUR Op	OT	OT	VGB	02/08	EUR	264.64	-1.6	4.6	-7.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/08	EUR	136.17	-1.6	4.6	-4.3
GAM Multi-Eur II USD Op	OT	OT	VGB	02/08	USD	111.38	-1.5	4.4	-4.9
GAM Multi-Eur USD Op	OT	OT	VGB	02/08	USD	460.58	-1.5	4.4	-8.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/08	EUR	133.19	-0.6	9.4	-4.5
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/08	USD	216.77	-0.6	9.7	-4.4
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/08	EUR	138.85	-3.2	0.6	-2.5
GAM Multi-Pac USD Op	OT	OT	VGB	02/08	USD	160.44	-3.0	1.0	-2.5
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/05	USD	2617.59	-0.8	56.7	9.3
GAM Sing/Malaysia	AS	EQ	VGB	02/16	USD	2392.75	-5.2	57.0	-9.7
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/08	GBP	238.61	3.7	47.6	5.7
GAM Trading EUR Inc	OT	OT	VGB	02/08	EUR	323.56	-0.5	3.6	3.2
GAM Trading USD Inc	OT	OT	VGB	02/08	USD	968.58	-0.5	4.0	2.8
GAM Trdg II IncEUR Op	OT	OT	VGB	02/08	EUR	138.40	-0.5	3.5	3.2
GAM Trdg II IncUSD Op	OT	OT	VGB	02/08	USD	314.50	-0.5	4.0	2.8
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/08	EUR	145.99	-0.5	3.3	4.5
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/08	USD	153.76	-0.5	3.8	4.1
GAM Trdg V IncEUR Op	OT	OT	VGB	02/08	EUR	123.78	-0.5	3.3	4.4
GAM Trdg V IncUSD Op	OT	OT	VGB	02/08	USD	129.00	-0.5	3.8	4.0
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/08	EUR	156.09	-0.6	3.3	3.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/08	USD	161.73	-0.5	3.8	2.7
GAM USDSpecBondInc	US	BD	VGB	02/08	USD	553.73	4.5	80.7	8.8
GAM Worldwide	GL	EQ	VGB	02/16	USD	2097.52	-7.1	30.7	-10.1
GAMut Investments	OT	OT	VGB	02/10	USD	7580.41	0.0	1.6	6.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/16	CHF	10.47	-4.3	43.0	-12.0
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/16	EUR	11.43	-3.1	48.5	-7.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/16	GBP	1.48	-5.0	44.0	0.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/16	USD	12.36	-8.0	57.3	-10.3
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/16	EUR	101.77	1.2	24.8	-9.3
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/16	EUR	98.49	1.2	24.8	-9.3
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/16	EUR	10.58	-4.7	22.6	-6.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/16	EUR	177.57	-4.1	22.0	-9.3
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/16	EUR	162.25	-4.1	22.0	-9.3
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/16	USD	14.90	-9.0	29.0	-12.4
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/16	USD	13.51	-9.0	28.9	-12.4
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/15	USD	5.52	0.6	37.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/16	EUR	90.04	3.1	19.1	-8.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/16	EUR	90.05	3.1	19.1	-8.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/16	JPY	911.27	-1.1	23.9	-18.8
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/16	USD	11.14	0.3	22.1	-13.1
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/16	USD	2112.58	-6.9	31.7	-9.6

LIST YOUR FUNDS

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	02/17	USD	14.91	-2.4	29.2	-9.8
American Growth AA	US	EQ	LUX	02/17	USD	0.86	-2.4	28.9	-7.4
Asian Equity	AS	EQ	LUX	02/17	USD	2.32	-5.5	69.9	-9.1
Asian Equity AA	AS	EQ	LUX	02/17	USD	0.75	-5.6	69.3	-9.4
Asian Sm Cap Equity AA	AS	EQ	LUX	02/17	USD	1.12	-3.0	95.9	-2.7
China Value A	AS	EQ	LUX	02/17	USD	6.55	-7.9	59.0	-6.2
China Value AA	AS	EQ	LUX	02/17	USD	2.06	-8.0	58.6	-6.4
Dragon Growth	AS	EQ	LUX	02/17	USD	1.55	-5.8	65.2	-7.7
Dragon Growth AA	OT	OT	LUX	02/17	HKD	7.54	-5.6	65.3	-8.6
Emg Eastrn Europe A	EU	EQ	LUX	02/17	USD	4.54	-1.6	127.0	-14.6
Emg Eastrn Europe AA	EU	EQ	LUX	02/17	USD	1.95	-1.6	126.7	-14.8
European Growth	EU	EQ	LUX	02/17	USD	8.59	-6.2	59.2	-15.2
European Growth AA	EU	EQ	LUX	02/17	USD	0.61	-6.2	58.9	-15.4
Global Contrarain AA	GL	EQ	LUX	02/17	USD	0.90	2.2	103.4	NS
Global Property AA	OT	EQ	LUX	02/17	USD	0.65	-3.7	72.0	-12.5
Global Resources AA	OT	EQ	LUX	02/17	USD	1.05	-3.1	44.2	-13.4
Healthcare AA	OT	EQ	LUX	02/17	USD	0.93	-1.1	14.0	NS
India Equity AA	EA	EQ	LUX	02/17	USD	1.04	-5.3	82.5	-14.7
International Growth	GL	EQ	LUX	02/17	USD	2.96	-3.0	31.2	-13.2
International Growth AA	GL	EQ	LUX	02/17	USD	0.69	-3.0	30.8	-13.4
Japanese Growth	JP	EQ	LUX	02/17	USD	2.76	0.2	24.3	-10.8
Japanese Growth AA	JP	EQ	LUX	02/17	USD	0.73	0.9	24.8	-10.8
Latin America Equity AA	GL	EQ	LUX	02/17	USD	1.21	-6.5	82.3	-5.9
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/17	USD	1.00	0.2	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/17	USD	1.11	-2.3	NS	NS
Russia Equity AA	EE	EQ	LUX	02/17	USD	0.66	6.5	146.4	-18.3
Taiwan Equity AA	AS	EQ	LUX	02/10	USD	0.97	-10.4	74.8	0.3
Turkey Equity AA	EE	EQ	LUX	02/17	USD	0.77	0.6	148.6	-3.3
U.S. Bond AA	US	BD	LUX	02/17	USD	1.13	1.6	17.8	8.1
U.S. Sm Cap Equity AA	US	EQ	LUX	02/17	USD	0.86	4.8	74.0	-7.7
U.S. Special Opportunities	OT	OT	LUX	02/17	USD	0.85	5.0	94.1	5.6
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/17	USD	1.14	0.3	7.2	2.2

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	02/10	USD	124.51	-2.2	125.8	-3.3

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A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	02/12	USD	7.71	-3.9	86.2	-2.6

SOCIETE GENERALE Asset Management

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Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	02/15	EUR	20.83	1.2	49.1	4.1
Bonds EURO A	OT	OT	LUX	02/16	EUR	41.31	0.7	4.4	4.5
Bonds EUROPE A	OT	OT	LUX	02/16	EUR	39.45	0.9	3.1	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	02/12	USD	37.32	1.1	14.6	7.9
Bonds World A	OT	OT	LUX	02/16	USD	41.59	-1.0	10.0	4.1
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/16	USD	9.65	-7.4	62.2	-10.6
Eq. China A	AS	EQ	LUX	02/12	USD	21.72	-10.0	54.6	-9.1
Eq. Concentrated Euroland A	OT	OT	LUX	02/16	EUR	86.66	-6.8	19.9	-16.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/16	EUR	25.70	-4.9	31.7	-14.6
Eq. Emerging Europe A	OT	OT	LUX	02/16	EUR	24.14	2.5	92.0	-20.6
Eq. Euroland A	EU	EQ	LUX	02/16	EUR	10.16	-6.2	20.7	-16.4
Eq. Euroland Small Cap A	OT	OT	LUX	02/16	EUR	136.36	-3.4	36.0	-8.5
Eq. EurolandCycclsA	EU	EQ	LUX	02/15	EUR	17.13	-3.7	26.5	-12.1
Eq. EurolandFinancialA	OT	EQ	LUX	02/16	EUR	10.03	-11.3	45.0	-19.1
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/16	USD	8.80	-9.1	56.7	-15.9
Eq. Global A	GL	EQ	LUX	02/16	USD	26.81	-3.8	37.6	-11.2
Eq. Global Energy A	OT	EQ	LUX	02/15	USD	17.10	-5.7	22.4	-14.6
Eq. Global Resources A	OT	OT	LUX	02/16	USD	105.36	-3.5	44.4	-12.1
Eq. Gold Mines A	OT	OT	LUX	02/16	USD	29.26	-3.4	34.3	-3.6
Eq. India A	OT	OT	LUX	02/16	USD	122.50	-6.3	73.4	-15.6
Eq. Japan CoreAlpha A	OT	OT	LUX	02/16	JPY	7292.40	0.5	33.8	-9.0
Eq. Latin America A	OT	OT	LUX	02/15	USD	106.46	-8.4	65.5	-12.1
Eq. US Lg Cap Gr A	US	EQ	LUX	02/16	USD	14.83	-2.8	35.6	-9.6
Eq. US Rel Val A	US	EQ	LUX	02/16	USD	20.26	-1.6	40.7	-12.6
Eq. US Sm Cap Val A	US	EQ	LUX	02/16	USD	15.88	-0.4	34.0	-15.9
Money Market EURO A	EU	MM	LUX	02/16	EUR	27.41	0.0	0.7	2.4
Money Market USD A	US	MM	LUX	02/16	USD	15.83	0.0	0.4	1.4

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR
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TNI Mena Real Estate Fund	OT	OT	BMU	02/11	USD	921.37	-4.1	6.6	-28.6
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/11	AED	5.06	-5.1	28.4	-34.3

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Investing through discipline

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**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	01/29	USD	28.14	-5.7	85.5	2.1
Intel-China Converg*	AS	EQ	CYM	01/29	USD	107.04	-6.1	85.8	1.1
VP Classic - A	AS	EQ	CYM	02/12	USD	177.14	-5.0	73.1	1.2
VP Classic - B	AS	EQ	CYM	02/12	USD	82.51	-5.1	72.2	0.7
VP High Dividend Stk	AS	EQ	CYM	02/08	USD	43.34	-4.6	79.8	2.1

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	02/15	JPY	8891.00	-6.0	19.9	-20.5
YMR-N Small Cap Fund	OT	OT	IRL	02/15	JPY	6576.00	-6.2	17.4	-20.4
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	02/17	JPY	5871.00	-4.6	15.0	-23.5
Yuki 77 Growth	JP	EQ	IRL	02/17	JPY	5372.00	-4.8	9.8	-27.1
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/17	JPY	6689.00	-2.0	23.8	-19.1
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/17	JPY	7567.00	0.3	12.0	-17.8
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/17	JPY	4586.00	-1.9	17.7	-22.9
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/17	JPY	5201.00	-0.9	16.4	-17.6
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/17	JPY	4797.00	-6.0	18.6	-19.4
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/17	JPY	4226.00	-4.4	17.9	-27.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/17	JPY	4442.00	-4.8	17.7	-27.5
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/17	JPY	6677.00	-4.2	28.7	-21.6
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/17	JPY	8331.00	-3.3	24.0	-19.5
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/17	JPY	6110.00	-3.9	16.6	-21.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/17	JPY	7505.00	-1.7	8.2	-20.0
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/17	JPY	5082.00	-2.1	21.8	-20.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/17	JPY	11389.00	-1.5	21.8	-14.7
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/17	JPY	7522.00	-5.5	17.2	-24.9
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/17	JPY	6614.00	-7.3	25.9	-21.4
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/17	JPY	5568.00	-1.4	23.0	-17.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/17	JPY	2626.00	-3.7	22.8	-25.4
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	02/17	JPY	5270.00	-2.8	23.5	-20.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Japan	2.43%	-0.3%	23.8%
Sweden	0.90	-0.6	51.6
Switzerland	0.97	-1.0	39.4
USA	0.15	-1.4	36.1
South Africa	0.76	-1.4	27.2
Turkey	2.36	-1.5	114.1
Netherlands	1.54	-1.8	46.0
U.K.	0.70	-2.3	32.7
Australia	2.50	-3.6	35.5
Singapore	1.23	-3.7	71.8
South Korea	1.86	-3.7	51.8
Russia	-0.62	-4.0	97.8
Germany	1.00	-5.6	28.4
France	1.60	-5.8	31.5
Hong Kong	1.15	-5.9	51.8
Italy	1.71	-6.3	33.9
Brazil	-0.01	-8.5	99.2
China 88	Closed	-10.2	35.5
Spain	0.81	-10.5	22.1

Dow Jones Regional Sector Titans

Arab 50	-0.02%	5.0%	34.2%
Travel Leisure	0.92	2.7	41.4
Nordic 30 -p	1.17	1.8	43.6
Pers H'hold Gds	0.86	1.2	40.4
Asian 50	1.91	-1.9%	48.6
EU Enlarged†-p	0.23	-2.5	86.1
Global 50	0.43	-4.3	34.7
Stoxx 50 -p	1.18	-4.6	30.2
Tiger 50*	1.46	-5.7	68.8
Euro Stoxx 50 -p	1.38	-8.2	28.3

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
JFE Hldgs	Japan	Iron Steel	$18.9	3,260	5.33%	51.3%	-56.9%
KB Fncl Group	South Korea	Banks	17.7	52,500	5.00	89.5	-37.7
Mitsui	Japan	Industrial Suppliers	27.9	1,403	4.86	52.0	-33.5
Aus NZ Bk	Australia	Banks	49.8	22.07	4.60	78.0	-25.7
Nippon Steel	Japan	Iron Steel	23.0	332.00	4.40	29.2	-58.8
Westfield Grp	Australia	Retail REITs	$24.5	11.75	-1.43%	19.9	-48.2
Sun Hung Kai Prop	Hong Kong	Real Estate Hldg Dev	34.0	102.90	-0.19	63.5	6.9
Toyota Motor	Japan	Automobiles	116.9	3,380	unch.	10.5	-58.7
Hon Hai Precision Ind	Taiwan	Electrical Components Equip	35.8	134.50	unch.	140.2	-4.7
Taiwan Smcndtr Mfg	Taiwan	Semiconductors	47.2	58.40	unch.	31.6	-11.9

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Canon Japan (Electronic Office Equipment)	50.3	3,710	4.21%	60.3%	-42.7%
Honda Motor Japan (Automobiles)	63.1	3,140	3.80	39.6	-32.0
National Australia Bk Australia (Banks)	49.0	25.91	3.47	42.8	-36.0
Mitsubishi Japan (Industrial Suppliers)	41.1	2,279	3.36	84.8	-11.8
QBE Ins Grp Australia (Reinsurance)	21.4	23.20	3.34	7.7	-25.6
RioZim Ltd Australia (General Mining)	39.9	72.92	3.32	82.8	19.0
Commonwlth Bk of Aus Australia (Banks)	72.8	53.18	3.24	82.4	5.5
East Japan Railway Japan (Travel Tourism)	26.5	6,090	3.22	9.1	-32.5
Nissan Motor Japan (Automobiles)	33.3	745.00	3.19	163.3	-46.6
Samsung Elec South Korea (Semiconductors)	100.5	779,000	3.04	63.0	28.6
Sony Japan (Consumer Electronics)	34.2	3,120	2.97	94.9	-50.8
Mizuho Financial Grp Japan (Banks)	27.2	176.00	2.92	-10.7	-80.1
Westpac Bking Australia (Banks)	66.7	25.43	2.79	54.3	-0.5
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.5	2,485	2.35	16.9	-45.3
Panasonic Japan (Consumer Electronics)	29.9	1,313	2.26	23.6	-45.9
Indl Comm Bk China Hong Kong (Banks)	60.9	5.70	2.15	69.1	23.1
BHP Billiton Australia (General Mining)	125.2	41.39	2.07	36.6	43.5
Shin-Etsu Chml Japan (Specialty Chemicals)	23.1	4,945	2.06	18.0	-34.5
PetroChina Hong Kong (Integrated Oil Gas)	23.8	8.78	1.97	48.3	-7.9
Seven I Hldgs Japan (Broadline Retailers)	19.5	1,968	1.97	-15.7	-48.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Japan Tobacco Japan (Tobacco)	34.3	325,000	1.88%	40.0%	-40.4%
Sumitomo Mitsui Finl Japan (Banks)	42.4	2,862	1.81	-8.3	-76.4
Shinhan Financial Grp South Korea (Banks)	17.7	42,700	1.79	80.9	-20.5
Woolworths Australia (Food Retailers Wholesalers)	29.0	26.12	1.67	-4.9	4.5
Takeda Pharm Japan (Pharmaceuticals)	34.5	3,975	1.66	1.2	-51.1
Woodside Petroleum Australia (Exploration Production)	28.5	44.00	1.59	31.3	16.9
Mitsubishi UFJ Finl Japan (Banks)	68.9	451.00	1.58	3.2	-70.1
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.6	55.85	1.45	37.2	-29.9
China Mobile (HK) Hong Kong (Mobile Telecommunications)	196.4	76.75	1.39	7.3	-0.5
CNOOC Hong Kong (Exploration Production)	70.9	12.34	1.31	77.6	89.9
China Life Ins Hong Kong (Life Insurance)	33.2	34.70	1.31	54.6	49.9
Nintendo Japan (Toys)	34.8	24,740	1.27	-9.2	-21.2
NTT DoCoMo Japan (Mobile Telecommunications)	64.4	140,300	1.23	-7.8	-36.5
Nippon T&T Japan (Fixed Line Telecommunications)	58.2	4,000	1.14	-3.4	-38.6
Tokyo Elec Power Japan (Conventional Electricity)	36.8	2,482	1.06	-8.4	-39.5
POSCO South Korea (Iron Steel)	36.4	549,000	0.92	62.0	49.4
KDDI Japan (Mobile Telecommunications)	24.2	497,500	0.71	0.3	-46.7
China Constr Bk Hong Kong (Banks)	173.5	6.00	0.67	58.7	23.7
Cheung Kong Hong Kong (Real Estate Holding Development)	28.5	95.70	0.58	43.5	-5.2
Kansai Elec Power Japan (Conventional Electricity)	21.9	2,088	0.14	-9.0	-40.3

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.07%	-1.83%	-0.8%	-1.9%	3.8%
Event Driven	0.25	-1.90	0.9	-1.1	12.1
Equity Long/Short	0.71	-1.86	1.7	-0.4	3.2

*Estimates as of 02/12/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

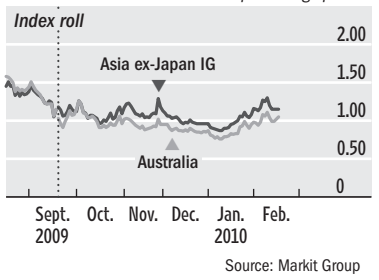
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.92	100.37%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.40	98.20	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	5.09	99.65	0.05	6.15	3.79	4.95
Asia ex-Japan IG: 12/1	1.15	99.33	0.01	1.34	0.87	1.07
Japan: 12/1	1.54	97.50	0.01	1.68	0.99	1.35

Note: Data as of February 16

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Canon	44	-9	-9	9
Mitsubishi Elec	56	-7	-9	15
Cen Japan Rwy	38	-7	-9	14
Nippon Oil	50	-5	1	8
Toray Inds	61	-5	1	13
Mitsubishi Heavy Inds	80	-4	-5	10
Bridgestone	56	-3	-2	15
Teijin	61	-2	...	13
Mitsubishi Chem	132	-2	-3	14
Japan Tob	42	-2	-3	8

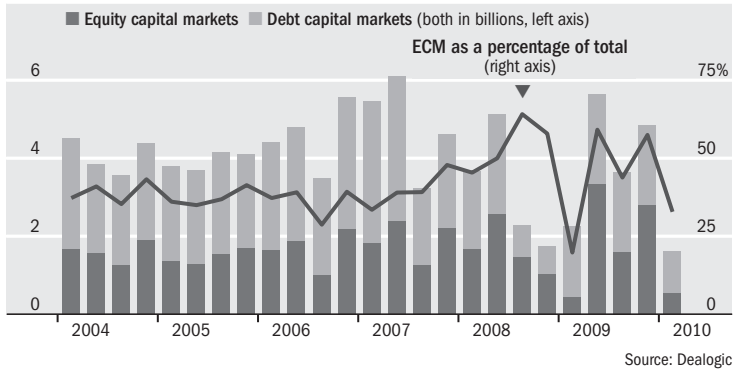
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Marui Group	259	5	5	14
Hitachi	115	6	6	35
Obayashi	252	7	25	55
Taisei	375	7	8	25
Orix	303	8	-3	56
Toshiba	178	8	8	33
Acom	294	8	-3	45
Promise	689	9	3	105
Sanyo Shinpan Fin	691	13	-2	112
Kawasaki Heavy Inds	183	24	24	39

Source: Markit Group

US: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	375.50	-3.50	-0.92%	714.00	325.00
Soybeans (cents/bu.)	CBOT	965.00	-9.50	-0.97	1,087.50	819.75
Wheat (cents/bu.)	CBOT	514.00	-5.50	-1.06	745.00	472.00
Live cattle (cents/lb.)	CME	92.175	1.400	1.54%	95.175	85.050
Cocoa ($/ton)	ICE-US	3,093	-70	-2.21	3,514	2,066
Coffee (cents/lb.)	ICE-US	134.30	-0.75	-0.56	190.40	118.30
Sugar (cents/lb.)	ICE-US	25.83	-0.95	-3.55	29.00	11.90
Cotton (cents/lb.)	ICE-US	76.20	-0.06	-0.08	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,620.00	41	1.59	2,743	2,150
Cocoa (pounds/ton)	LIFFE	2,250	-36	-1.57	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,309	-7	-0.53	1,605	1,306
Copper (cents/lb.)	COMEX	326.90	2.95	0.91	355.00	140.00
Gold ($/troy oz.)	COMEX	1116.00	-3.30	-0.29	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1624.00	9.20	0.57	2,011.50	1,045.00
Aluminum ($/ton)	LME	2,122.50	42.50	2.04	2,356.50	1,288.00
Tin ($/ton)	LME	16,695.00	95.00	0.57	18,250.00	9,945.00
Copper ($/ton)	LME	7,140.00	175.00	2.51	7,695.00	3,171.00
Lead ($/ton)	LME	2,295.00	77.00	3.47	2,615.00	995.00
Zinc ($/ton)	LME	2,324.50	89.50	4.00	2,659.00	1,086.00
Nickel ($/ton)	LME	20,220	515	2.61	21,150	9,475
Crude oil ($/bbl.)	NYMEX	76.80	-0.21	-0.27	116.70	51.00
Heating oil ($/gal.)	NYMEX	2.0021	-0.0039	-0.19	3.4750	1.3939
RBOB gasoline ($/gal.)	NYMEX	2.1152	0.0018	0.09	2.2972	1.4475
Natural gas ($/mmBtu)	NYMEX	5.352	0.050	0.94	10.800	4.595
Brent crude ($/bbl.)	ICE-EU	75.73	0.05	0.07	83.58	51.55
Gas oil ($/ton)	ICE-EU	612.25	1.00	0.16	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Feb. 17

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2613	0.1901	3.8538	0.2595
Brazil real	2.5073	0.3988	1.8365	0.5445
Canada dollar	1.4283	0.7001	1.0462	0.9558
1-mo. forward	1.4284	0.7001	1.0463	0.9558
3-mos. forward	1.4285	0.7000	1.0463	0.9557
6-mos. forward	1.4289	0.6999	1.0466	0.9555
Chile peso	725.70	0.001378	531.55	0.001881
Colombia peso	2637.80	0.0003791	1932.10	0.0005176
Ecuador US dollar-f	1.3653	0.7325	1	1
Mexico peso-a	17.5765	0.0569	12.8742	0.0777
Peru sol	3.8862	0.2573	2.8465	0.3513
Uruguay peso-e	26.827	0.0373	19.650	0.0509
U.S. dollar	1.3653	0.7325	1	1
Venezuela bolivar	5.86	0.170553	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5179	0.6588	1.1118	0.8995
China yuan	9.3278	0.1072	6.8323	0.1464
Hong Kong dollar	10.6046	0.0943	7.7675	0.1287
India rupee	62.8220	0.0159	46.0150	0.0217
Indonesia rupiah	12656	0.0000790	9270	0.0001079
Japan yen	124.04	0.008062	90.86	0.011007
1-mo. forward	124.02	0.008063	90.84	0.011008
3-mos. forward	123.98	0.008066	90.81	0.011012
6-mos. forward	123.90	0.008071	90.75	0.011019
Malaysia ringgit-c	4.6347	0.2158	3.3948	0.2946
New Zealand dollar	1.9384	0.5159	1.4198	0.7043
Pakistan rupee	115.637	0.0086	84.700	0.0118
Philippines peso	62.924	0.0159	46.090	0.0217
Singapore dollar	1.9197	0.5209	1.4062	0.7112
South Korea won	1564.58	0.0006392	1146.00	0.0008726
Taiwan dollar	43.743	0.02286	32.040	0.03121
Thailand baht	45.292	0.02208	33.175	0.03014

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7325	1.3653
1-mo. forward	1.0001	0.9999	0.7325	1.3652
3-mos. forward	1.0002	0.9998	0.7326	1.3650
6-mos. forward	1.0005	0.9995	0.7329	1.3645
Czech Rep. koruna-b	25.855	0.0387	18.938	0.0528
Denmark krone	7.4429	0.1344	5.4517	0.1834
Hungary forint	271.68	0.003681	199.00	0.005025
Norway krone	8.0132	0.1248	5.8694	0.1704
Poland zloty	3.9825	0.2511	2.9171	0.3428
Russia ruble-d	41.046	0.02436	30.065	0.03326
Sweden krona	9.8104	0.1019	7.1858	0.1392
Switzerland franc	1.4678	0.6813	1.0751	0.9301
1-mo. forward	1.4675	0.6814	1.0749	0.9303
3-mos. forward	1.4669	0.6817	1.0744	0.9307
6-mos. forward	1.4657	0.6823	1.0736	0.9314
Turkey lira	2.0617	0.4850	1.5102	0.6622
U.K. pound	0.8683	1.1517	0.6360	1.5724
1-mo. forward	0.8684	1.1515	0.6361	1.5721
3-mos. forward	0.8688	1.1510	0.6364	1.5714
6-mos. forward	0.8693	1.1503	0.6368	1.5704
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5147	1.9430	0.3770	2.6526
Egypt pound-a	7.4925	0.1335	5.4880	0.1822
Israel shekel	5.1054	0.1959	3.7395	0.2674
Jordan dinar	0.9669	1.0342	0.7083	1.4119
Kuwait dinar	0.3937	2.5399	0.2884	3.4676
Lebanon pound	2049.92	0.0004878	1501.50	0.0006660
Saudi Arabia riyal	5.1193	0.1953	3.7498	0.2667
South Africa rand	10.3691	0.0964	7.5951	0.1317
United Arab dirham	5.0146	0.1994	3.6730	0.2723
SDR -f	0.8863	1.1283	0.6492	1.5404

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
51	**ASIA-PACIFIC**	**DJ Asia-Pacific**	120.76	1.81	1.52%	-1.9%	49.6%
...	Australia	**SPX/ASX 200**	4667.86	100.10	2.19	-4.2	36.8
...	China	**CBN 600**	26845.32		Closed	-7.6	43.4
18	Hong Kong	**Hang Seng**	20534.01	265.32	1.31	-6.1	57.8
18	India	**Sensex**	16428.91	202.23	1.25	-5.9	82.2
..	Indonesia	**Jakarta Composite**	2581.340	22.835	0.89	1.9	94.0
...	Japan	**Nikkei Stock Average**	10306.83	272.58	2.72	-2.3	36.8
...		**Topix**	904.63	19.46	2.20	-0.3	20.7
...	Malaysia	**Kuala Lumpur Composite**	1259.07	5.68	0.45	-1.1	40.6
...	New Zealand	**NZSX-50**	3111.060	23.453	0.76	-3.7	18.7
9	Pakistan	**KSE 100**	9867.09	97.41	1.00	5.1	67.8
14	Philippines	**Manila Composite**	3018.67	50.96	1.72	-1.1	59.5
...	Singapore	**Straits Times**	2794.06	35.16	1.27	-3.6	69.2
11	South Korea	**Kospi**	1627.43	26.38	1.65	-3.3	46.2
20	Taiwan	**Weighted**	7441.84		Closed	-9.1	65.4
10	Thailand	**SET**	697.49	4.76	0.69	-5.0	58.7
58	**EUROPE**	**DJ Stoxx 600**	247.54	3.16	1.29	-2.2	34.9
23		**DJ Stoxx 50**	2493.29	27.83	1.13	-3.3	31.8
70	**Euro Zone**	**DJ Euro Stoxx**	259.19	3.32	1.30%	-5.7%	31.8%
21		**DJ Euro Stoxx 50**	2759.12	38.35	1.41	-7.0	30.2
21	Denmark	**OMX Copenhagen**	335.31	2.90	0.87	6.2	43.1
19	Finland	**OMX Helsinki**	6616.77	100.60	1.54	2.5	35.9
16	France	**CAC-40**	3725.21	56.17	1.53	-5.4	29.6
19	Germany	**DAX**	5648.34	56.22	1.01	-5.2	34.3
13	Italy	**FTSE MIB**	21650.81	361.61	1.70	-6.9	30.6
...	Netherlands	**AEX**	323.13	4.29	1.35	-3.6	35.6
...	Russia	**RTSI**	1421.97	3.81	0.27	-0.3	171.2
10	Spain	**IBEX 35**	10498.6	104.7	1.01	-12.1	33.5
13	Switzerland	**SMI**	6567.60	69.94	1.08	0.3	32.5
...	Turkey	**ISE National 100**	53273.30	1524.80	2.95	0.8	123.4
13	U.K.	**FTSE 100**	5276.64	32.58	0.62	-2.5	31.7
18	**AMERICAS**	**DJ Americas**	292.05	0.90	0.31	-1.5	46.4
...	Brazil	**Bovespa**	67006.59	1151.62	1.75	-2.3	70.7
...	Argentina	**Merval**	2313.11	12.02	0.52	-0.3	118.0
20	Mexico	**IPC**	31716.46	71.69	0.23	-1.3	69.5

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.22%	20	**DJ Global Index**	220.14	1.88	0.86%	-3.0%	47.9%	-8.6%
1.94	20	**Global DOW**	1899.06	15.85	0.84	-4.3	45.2	-5.4
2.34		**Asia/Pacific 600**	114.24	1.83	1.62	-0.4	40.7	-9.5
1.82	15	**Emerging Markets**	267.16	3.89	1.48	-4.6	85.6	0.6
2.19	51	**Asia/Pacific**	120.76	1.81	1.52	-1.9	49.6	-7.6
2.47	17	**Asia/Pacific ex-Japan**	301.26	4.89	1.65	-4.5	82.8	-2.1
2.66	22	**Southeast Asia**	151.88	1.13	0.75	-5.6	79.9	-0.8
0.88	27	**CBN China 600** -c	26845.32	Closed	...	-7.6	43.4	8.7
0.90	30	**Shanghai**	360.75	Closed	...	-6.9	43.6	8.9
0.60	45	**Shenzhen**	392.71	Closed	...	-5.7	60.4	14.9
2.34	18	**China Offshore 50**	3811.69	52.65	1.40	-6.5	58.1	4.7
7.83	9	**Australia LPT** -c, d	1120.37	-1.61	-0.14	-3.7	39.7	-23.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.12%	15	**Islamic Market**	1928.12	11.91	0.62%	-2.4%	43.2%	-3.4%
2.42	16	**Islamic Market 100**	2064.31	10.49	0.51	-2.7	31.7	-3.8
9.32		**Bahrain**	126.05	0.18	0.14	3.5	-7.0	-11.7
2.60	48	**Kuwait**	216.32	-0.10	-0.05	11.1	21.2	-13.4
2.66	18	**Sustainability**	966.59	10.91	1.14	-4.6	47.8	-9.6
2.53	58	**Stoxx 600 -p**	250.08	4.44	1.81	-8.1	44.7	-12.5
4.09	18	**Stoxx Select Div 30 -p**	1631.35	25.15	1.57	-9.2	40.7	-25.0
3.67	25	**Euro Stoxx Sel Div 30 -p**	1948.85	44.23	2.32	-8.4	52.4	-21.0
1.81	24	**DJ U.S. TSM**	11367.54	22.59	0.20	-1.1	42.3	-8.3
4.25	15	**U.S. Select Dividend -d**	647.11	0.14	0.02	-0.5	45.3	-11.3
4.96		**U.S. REIT**	141.00	0.89	0.64	-3.0	63.1	-21.4
		DJ-UBS Commodity -p	134.33	3.33	2.54	-3.5	29.8	-7.2

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.112	0.636	1.046	6.832	0.732	7.768	46.015	9269.56	90.855	1.420	1146.00	3.395	46.090	1.406	1.075	32.040	33.175
Australia	0.899		0.572	0.941	6.145	0.659	6.986	41.388	8337.50	81.720	1.277	1030.77	3.053	41.456	1.265	0.967	28.818	29.839
Britain	1.572	1.748		1.645	10.743	1.152	12.214	72.354	14575.45	142.860	2.233	1801.97	5.338	72.472	2.211	1.690	50.380	52.164
Canada	0.956	1.063	0.608		6.531	0.700	7.424	43.983	8860.22	86.843	1.357	1095.39	3.245	44.055	1.344	1.028	30.625	31.710
China	0.1464	0.163	0.093	0.153		0.107	1.137	6.735	1356.73	13.298	0.208	167.73	0.497	6.746	0.206	0.157	4.689	4.856
Euro	1.365	1.518	0.868	1.428	9.328		10.605	62.822	12655.27	124.040	1.938	1564.58	4.635	62.924	1.920	1.468	43.743	45.292
Hong Kong	0.129	0.143	0.082	0.135	0.880	0.094		5.924	1193.38	11.697	0.183	147.54	0.437	5.934	0.181	0.138	4.125	4.271
India	0.0217	0.0242	0.0138	0.0227	0.1485	0.0159	0.1688		201.45	1.9745	0.0309	24.90	0.0738	1.0016	0.0306	0.0234	0.6963	0.7210
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0098	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.012	0.075	0.008	0.085	0.506	102.03		0.016	12.61	0.037	0.507	0.015	0.012	0.353	0.365
New Zealand	0.704	0.783	0.448	0.737	4.812	0.516	5.471	32.408	6528.55	63.989		807.13	2.391	32.461	0.990	0.757	22.566	23.365
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0402	8.09	0.0793	0.0012		0.0030	0.0402	0.0012	0.0009	0.0280	0.0289
Malaysia	0.295	0.328	0.187	0.308	2.013	0.216	2.288	13.555	2730.56	26.763	0.418	337.58		13.577	0.414	0.317	9.438	9.772
Philippines	0.022	0.024	0.014	0.023	0.148	0.016	0.169	0.998	201.12	1.971	0.031	24.86	0.074		0.031	0.023	0.695	0.720
Singapore	0.711	0.791	0.452	0.744	4.859	0.521	5.524	32.724	6592.15	64.613	1.010	814.99	2.414	32.777		0.765	22.786	23.593
Switzerland	0.930	1.034	0.592	0.973	6.355	0.681	7.225	42.801	8622.04	84.508	1.321	1065.95	3.158	42.870	1.308		29.802	30.858
Taiwan	0.031	0.035	0.020	0.033	0.213	0.023	0.242	1.436	289.31	2.836	0.044	35.77	0.106	1.439	0.044	0.034		1.035
Thailand	0.030	0.034	0.019	0.032	0.206	0.022	0.234	1.387	279.41	2.739	0.043	34.54	0.102	1.389	0.042	0.032	0.966	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 17, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	287.47	-1.46%	-4.0%	38.2%
2.50	27	**World (Developed Markets)**	1,124.86	-1.55	-3.7	34.1
1.80	116	**World Small Cap**	187.90	-1.43	-1.2	51.7
2.60	22	**Kokusai (World ex-Japan)**	1,111.15	-1.73	-4.2	37.0
3.00	27	**EAFE**	1,484.76	-1.31	-6.1	33.1
2.10	20	**Emerging Markets (EM)**	932.55	-0.84	-5.8	76.1
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	391.38	-0.79	-6.0	71.4
2.10	22	**AC Far East ex-Japan**	422.16	-0.23	-6.2	64.6
1.70	36	**Japan**	553.70	0.24	-2.6	13.1
2.00	19	**China**	60.04	0.00	-7.4	60.4
0.90	37	**China A (China Domestic)**	3,104.25	0.00	-8.2	61.0
2.70	22	**Hong Kong**	9,750.08	0.00	-4.2	48.0
1.00	20	**India**	664.87	1.24	-6.0	83.4
1.10	16	**Korea**	454.21	0.42	-5.5	41.9
2.40	19	**Malaysia**	461.26	0.00	-1.8	40.9
3.10	17	**Singapore**	1,536.53	0.00	-5.4	55.9
2.60	232	**Taiwan**	269.24	0.00	-9.0	68.7
3.00	18	**Thailand**	278.79	0.79	-7.6	56.0
4.00	24	**Australia**	943.11	0.62	-5.8	29.5
5.40	16	**New Zealand**	81.93	1.14	-6.0	2.2
1.90	32	**US BROAD MARKET**	1,219.60	-1.75	-1.4	35.5
3.40	17	**EUROPE**	84.88	1.02	-3.9	26.9

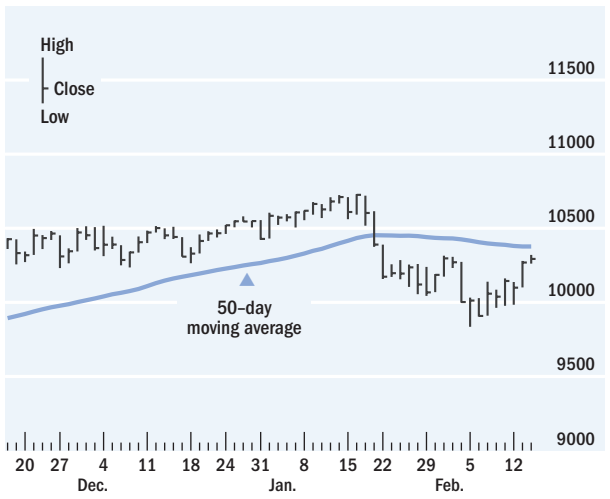
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10293.07** ▲ 24.26, or 0.24%
YEAR TO DATE: ▼ **134.98, or 1.3%**
OVER 52 WEEKS ▲ **2,737.44, or 36.2%**



Nasdaq Composite Index P/E: 19*

LAST: **2222.79** ▲ 8.60, or 0.39%
YEAR TO DATE: ▼ **46.36, or 2.0%**
OVER 52 WEEKS ▲ **754.82, or 51.4%**

S&P 500 Index P/E: 26

LAST: **1097.94** ▲ 3.07, or 0.28%
YEAR TO DATE: ▼ **17.16, or 1.5%**
OVER 52 WEEKS ▲ **309.52, or 39.3%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**8.50**	$25.36	0.04	**0.16%**
Alcoa	AA	**14.60**	13.58	-0.16	**-1.17**
AmExpress	AXP	**4.40**	39.04	-0.58	**-1.46**
BankAm	BAC	**113.40**	15.49	0.33	**2.18**
Boeing	BA	**1.90**	61.67	0.41	**0.67**
Caterpillar	CAT	**4.20**	57.56	0.44	**0.77**
Chevron	CVX	**4.40**	72.75	-0.24	**-0.33**
CiscoSys	CSCO	**22.30**	23.99	-0.02	**-0.06**
CocaCola	KO	**4.10**	55.35	0.53	**0.97**
Disney	DIS	**4.80**	30.80	0.33	**1.08**
DuPont	DD	**3.50**	33.02	0.28	**0.86**
ExxonMobil	XOM	**9.80**	65.81	-0.47	**-0.71**
GenElec	GE	**28.80**	16.18	0.14	**0.87**
HewlettPk	HPQ	**10.10**	49.96	0.52	**1.05**
HomeDpt	HD	**10.70**	29.88	0.44	**1.49**
Intel	INTC	**22.90**	20.66	-0.06	**-0.29**
IBM	IBM	**2.40**	126.38	1.15	**0.92**
JPMorgChas	JPM	**18.50**	40.06	-0.01	**-0.02**
JohnsJohns	JNJ	**4.50**	64.09	0.48	**0.75**
KftFoods	KFT	**11.70**	28.64	-0.33	**-1.14**
McDonalds	MCD	**2.50**	64.00	-0.01	**-0.02**
Merck	MRK	**5.40**	37.33	-0.33	**-0.88**
Microsoft	MSFT	**20.80**	28.59	0.24	**0.85**
Pfizer	PFE	**28.70**	17.75	0.03	**0.14**
ProctGamb	PG	**6.20**	62.79	-0.04	**-0.06**
3M	MMM	**1.50**	80.04	0.10	**0.12**
TravelersCos	TRV	**2.00**	51.52	-0.09	**-0.17**
UnitedTech	UTX	**2.50**	66.94	1.03	**1.57**
Verizon	VZ	**4.50**	29.09	-0.09	**-0.31**
WalMart	WMT	**7.10**	54.07	0.51	**0.96**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**334.2**	$3.37	$0.06	**1.66%**
BankAm	BAC	**115.1**	15.47	0.31	**2.05**
SPDR S&P 500	SPY	**90.1**	109.99	0.25	**0.23**
SiriusXM	SIRI	**88.6**	1.05	0.09	**9.55**
YRC Worldwide	YRCW	**59.8**	0.40	-0.15	**-28.03**
PwrShrs QQQ	QQQQ	**50.4**	44.38	0.06	**0.14**
FordMotor	F	**37.6**	11.43	0.11	**0.97**
iShrMSCIEmrgMkt	EEM	**30.6**	39.43	0.00	**0.00**
DrxFinancBear 3x	FAZ	**29.3**	19.02	-0.11	**-0.58**
GenElec	GE	**29.0**	16.18	0.14	**0.87**
Pfizer	PFE	**28.8**	17.74	0.02	**0.11**
BosSci	BSX	**25.1**	7.74	0.33	**4.45**
SPDR FnclSelSct	XLF	**24.5**	14.26	0.02	**0.14**
iShrRu2000	IWM	**23.7**	62.22	0.17	**0.27**
Intel	INTC	**23.0**	20.65	-0.07	**-0.34**

Biggest gainers...

Unilife	UNIS	**7.3**	$14.00	$3.94	**39.17%**
PacerIntl	PACR	**1,320.8**	3.63	0.60	**19.80**
Heckmann un	HEKU	**2.2**	12.20	1.95	**19.02**
PerryEllis	PERY	**228.3**	19.43	3.03	**18.48**
CyclacelPharm	CYCC	**9,592.8**	2.76	0.36	**15.00**

...Biggest losers

UltimEscape	UEI	**28.4**	$2.23	-$0.77	**-25.69%**
NovaMsrInst	NVMI	**862.3**	4.35	-0.83	**-16.07**
Optelcom NKF	OPTC	**3.8**	2.40	-0.28	**-10.45**
HSW Intl	HSWID	**3.3**	2.06	-0.24	**-10.43**
RickCabrt	RICK	**563.5**	11.62	-1.27	**-9.86**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**7,491.2**	$9.95	0.04	**0.40%**
91.97	56.79	**Toyota Motor**	TM	**2,804.5**	73.16	-2.85	**-3.75**
82.74	33.09	**BHP Billiton**	BHP	**2,739.8**	74.20	-0.36	**-0.48**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**2,507.9**	5.04	0.03	**0.60**
21.78	11.30	**KT Corp**	KT	**1,652.2**	20.38	0.26	**1.29**
15.95	8.65	**China Unicom**	CHU	**1,251.4**	11.46	-0.05	**-0.43**
59.13	22.61	**Infosys Tech**	INFY	**728.5**	55.10	-0.39	**-0.70**
13.30	6.35	**AU Optrncs**	AUO	**561.6**	11.48	0.12	**1.06**
4.24	1.65	**Utd Microelectronics**	UMC	**554.4**	3.73	-0.02	**-0.53**
59.22	40.20	**China Mobile**	CHL	**490.2**	49.35	0.34	**0.69**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**427.7**	6.47	-0.04	**-0.61**
9.50	3.96	**Nomura Hldgs**	NMR	**389.9**	7.30	0.10	**1.39**
18.64	12.59	**SK Telecom**	SKM	**352.6**	17.08	0.11	**0.65**
37.23	20.72	**Honda Motor**	HMC	**335.2**	34.63	0.36	**1.05**
34.27	10.70	**Aluminum Cp of China**	ACH	**322.3**	24.27	-0.30	**-1.22**
81.00	38.70	**China Life Ins**	LFC	**318.4**	66.84	0.43	**0.65**
18.20	6.85	**Korea Elec Pwr**	KEP	**260.3**	17.49	0.04	**0.23**
35.59	15.64	**Sony**	SNE	**235.3**	34.50	0.28	**0.82**
5.23	1.57	**Adv Semi Engrg**	ASX	**200.7**	4.38	-0.01	**-0.23**
17.19	10.60	**Matsushita Elec**	PC	**169.9**	14.47	-0.07	**-0.48**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**155.4**	20.96	0.03	**0.13**
7.74	2.00	**Alumina**	AWC	**153.5**	5.98	0.19	**3.28**
135.92	63.94	**PetroChina**	PTR	**144.2**	112.65	0.21	**0.19**
13.45	2.00	**City Telecom**	CTEL	**136.0**	11.95	0.45	**3.91**
150.50	47.09	**POSCO**	PKX	**135.9**	118.93	-0.81	**-0.68**
9.82	5.43	**Telecom Corp of NZ**	NZT	**131.7**	8.26	-0.05	**-0.60**
171.59	75.59	**CNOOC**	CEO	**126.1**	158.28	0.15	**0.09**
21.22	16.33	**ChunghwaTel**	CHT	**110.9**	18.68	0.19	**1.03**
94.00	46.45	**China Petro & Chem**	SNP	**104.0**	77.18	0.27	**0.35**
24.09	17.71	**NTT**	NTT	**99.8**	22.04	-0.03	**-0.14**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

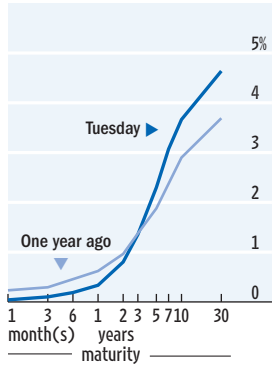
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.610%**	**378.4**	374.1	362.7	**183.3**	**4.580%**	4.508%	**2.698%**
4.500	10	**5.585**	**189.2**	187.6	196.4	**159.9**	**5.590**	5.647	**4.261**
5.000	**Austria** 2	**1.412**	**58.6**	67.4	75.0	**47.3**	**1.513**	1.631	**1.338**
3.900	10	**3.658**	**-3.5**	-5.2	7.0	**164.0**	**3.662**	3.753	**4.302**
2.000	**Belgium** 2	**1.305**	**47.9**	44.0	1.5	**48.1**	**1.279**	0.896	**1.346**
3.750	10	**3.745**	**5.2**	6.2	-3.2	**158.6**	**3.776**	3.651	**4.248**
1.500	**Canada** 2	**1.329**	**50.3**	51.6	39.6	**31.2**	**1.355**	1.277	**1.177**
3.750	10	**3.479**	**-21.4**	-21.8	-18.7	**14.9**	**3.496**	3.496	**2.811**
4.000	**Denmark** 2	**1.811**	**98.5**	94.0	102.8	**136.5**	**1.779**	1.909	**2.230**
4.000	10	**3.524**	**-16.9**	-17.3	-12.5	**75.8**	**3.541**	3.558	**3.420**
3.750	**France** 2	**1.033**	**20.7**	23.0	17.5	**47.5**	**1.069**	1.056	**1.340**
3.500	10	**3.517**	**-17.6**	-18.4	-15.4	**86.1**	**3.530**	3.529	**3.523**
1.250	**Germany** 2	**0.969**	**14.3**	15.4	26.7	**31.2**	**0.993**	1.148	**1.177**
3.250	10	**3.193**	**-50.0**	-50.4	-41.0	**33.5**	**3.210**	3.273	**2.997**
0.640	**Hong Kong** 2	**0.747**	**-7.9**	-7.3	-36.8	**-22.4**	**0.766**	0.513	**0.641**
2.160	10	**2.963**	**-73.0**	-61.9	-80.1	**-99.4**	**3.095**	2.882	**1.668**
5.000	**Italy** 2	**1.502**	**67.6**	72.8	50.4	**127.3**	**1.567**	1.385	**2.138**
4.250	10	**4.045**	**35.2**	35.2	38.9	**188.3**	**4.066**	4.072	**4.545**
0.200	**Japan** 2	**0.160**	**-66.6**	-67.4	-72.6	**-45.4**	**0.165**	0.155	**0.411**
1.300	10	**1.331**	**-236.2**	-238.3	-235.3	**-138.0**	**1.331**	1.330	**1.282**
2.500	**Netherlands** 2	**1.033**	**20.7**	21.1	-16.9	**65.5**	**1.050**	0.712	**1.520**
3.500	10	**3.494**	**-19.9**	-21.2	-21.9	**118.0**	**3.502**	3.464	**3.842**
3.200	**Portugal** 2	**1.403**	**57.7**	76.2	40.7	**88.7**	**1.601**	1.288	**1.752**
4.750	10	**4.407**	**71.4**	74.2	52.0	**194.6**	**4.456**	4.203	**4.608**
5.350	**Spain** 2	**1.437**	**61.1**	66.5	50.4	**115.2**	**1.504**	1.385	**2.017**
4.000	10	**3.996**	**30.3**	30.8	29.9	**159.2**	**4.022**	3.982	**4.254**
2.750	**Switzerland** 2	**0.366**	**-46.0**	-44.4	-19.8	**-56.8**	**0.395**	0.683	**0.297**
2.250	10	**1.917**	**-177.6**	-178.1	-161.2	**-65.7**	**1.933**	2.071	**2.005**
3.250	**U.K.** 2	**1.162**	**33.6**	34.5	32.8	**49.2**	**1.184**	1.209	**1.357**
3.750	10	**4.137**	**44.4**	32.2	25.3	**75.3**	**4.036**	3.936	**3.415**
0.875	**U.S.** 2	**0.826**	**...**	...	...	**...**	**0.839**	0.881	**0.865**
3.625	10	**3.693**	**...**	...	...	**...**	**3.714**	3.683	**2.662**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.638%**	16.12	-1.89 %	0.50 %	0.50 %	-10.80 %
10-year Treasury	**3.664**	8.32	-0.22	1.95	1.95	-2.74
7 Year Treasury	**3.070**	6.20	0.25	2.57	2.57	...
Five-year Treasury	**2.300**	4.66	0.35	2.01	2.01	2.44
Ryan Index	**2.638**	6.69	-0.19	1.56	1.56	-0.39
3 Year Treasury	**1.354**	2.93	0.28	1.42	1.42	3.28
Two-year Treasury	**0.802**	1.94	0.10	0.88	0.88	2.37
1 Year Treasury	**0.335**	0.98	-0.01	0.20	0.20	1.27
Six-month Treasury	**0.188**	0.50	...	0.03	0.03	0.65
Ryan Cash Index-a	**0.166**	0.45	...	0.06	0.06	0.60
Three-month bill	**0.101**	0.25	0.01	0.02	0.02	0.37
One-month bill	**0.041**	0.06	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22875%**	0.47000%
Three month	**0.25063**	1.25125
Six month	**0.38500**	1.78000
One year	**0.85063**	2.09500

	Latest	52 wks ago
Euro Libor		
One month	**0.38438%**	1.58125%
Three month	**0.60250**	1.89875
Six month	**0.91375**	1.98813
One year	**1.20750**	2.09000
Hibor		
One month	**0.06893**	0.17214%
Three month	**0.13000**	0.77500
Six month	**0.24000**	1.12714
One year	**0.53000**	1.59357
Asian dollars		
One month	**0.2376%**	0.48%
Three month	**0.2546**	1.2450
Six month	**0.3910**	1.7688
One year	**0.8500**	2.0900

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.8500**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.19%**	0.33%
U.K. (BBA)	**0.520**	1.258
Euro zone	**0.30**	1.27

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10306.83
▲ **2.72% or 272.58**

Steelmakers and shippers led the rally on renewed risk appetite as debt fears emanating from Europe abated. Meanwhile, a weaker yen boosted exporters.

Stock	Volume in millions	Close	Change Net	Change %
Toshiba	**103.63**	454	27	6.32
Mizuho Financial	**73.84**	176	5	2.92
Mtshbsh Fin Grp	**46.58**	451	7	1.58
Hitachi	**45.48**	303	8	2.71
Nippon Steel	**31.32**	332	14	4.40

ASX 200
Australia 4667.90
▲ **2.19% or 100.11**

A jump in banking and resources stocks led the index to its largest one-day gain since Nov. 30. In health care, CSL surged after posting profit that beat market expectations.

Stock	Volume in millions	Close	Change Net	Change %
Telstra	**71.41**	3.10	umch	...
Boart Longyear	**58.73**	0.35	–0.01	–1.41
Lihir Gold	**41.35**	2.89	0.09	3.21
Dexus Property	**36.61**	0.82	0.01	0.61
GPT Group	**32.00**	0.59	0.01	1.72

Kospi
South Korea 1627.43
▲ **1.65% or 26.38**

After falling in the previous session, banks rebounded amid eased worries over the European debt crisis. KB Financial and Woori Finance rose.

Stock	Volume in millions	Close	Change Net	Change %
Korea Data Sys	**79.39**	325	20	6.56
Kwangmyung El	**18.05**	3,005	–30	–0.99
Dongyang Steel	**13.95**	1,345	20	1.51
Baemyung Metal	**11.15**	1,435	35	2.50
Samyang Optics	**10.93**	1,175	20	1.73

Hang Seng
Hong Kong 20534.01
▲ **1.31% or 265.32**

HSBC and Chinese lenders fueled the index's rise, unaffected by Beijing's decision to raise bank reserve requirements. Mining stocks also advanced as metal prices rose.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**245.77**	5.70	0.12	2.15
CCB	**186.52**	6.00	0.04	0.67
Bank Of China	**184.35**	3.88	0.07	1.84
PetroChina	**80.31**	8.78	0.17	1.97
CNOOC	**59.04**	12.34	0.16	1.31

Asian stocks in the news

Toshiba
Japan ¥454
▲ **6.3% or ¥27**

News of U.S. loans to its nuclear-power industry boosted the sector in Japan.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-9.40**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.8%**	2.9%	63.2%
Toshiba	**6.3%**	8.1%	92.4%

Kajima
Japan ¥214
▲ **7.0% or ¥14**

The builder gained on a Financial Times report work restarted on the Dubai Metro after a dispute.

Price-to-earnings ratio	**15**
Earnings per share, past four quarters	**14.20**
Dividend yield	**2.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**1.6%**	3.5%	52.8%
Kajima	**7.0%**	6.5%	-5.7%

Alumina
Australia A$1.66
▲ **7.1% or A$0.11**

Resources shares posted strong gains.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.01**
Dividend yield	**1.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**2.7%**	6.0%	78.8%
Alumina	**7.1%**	1.8%	60.0%

Taiyo Yuden
Japan ¥1,265
▲ **7.2% or ¥85**

Nomura Securities issued a positive report on the electronic-parts sector, mentioning Taiyo Yuden.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-4.20**
Dividend yield	**0.8**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.8%**	2.9%	63.2%
Taiyo Yuden	**7.2%**	9.6%	138.7%

Ansell
Australia A$11.00
▲ **7.8% or A$0.80**

The company upgraded its full-year earnings guidance.

Price-to-earnings ratio	**13**
Earnings per share, past four quarters	**0.82**
Dividend yield	**1.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**0.9%**	1.5%	22.4%
Ansell	**7.8%**	10.0%	31.6%

Nippon Paper Grp
Japan ¥2,320
▼ **1.1% or ¥25**

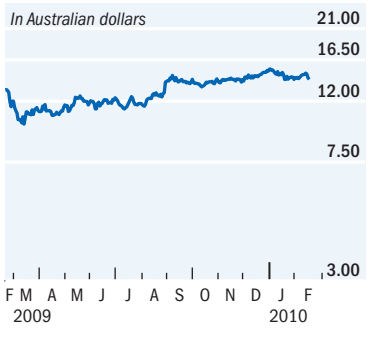
Mitsubishi UFJ Securities cut its rating on the stock.

Price-to-earnings ratio	**10**
Earnings per share, past four quarters	**223.60**
Dividend yield	**3.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**2.7%**	6.0%	78.8%
Nippon Paper Grp	**-1.1%**	-1.6%	-2.9%

Sonic Hlthcare
Australia A$14.19
▼ **1.3% or A$0.18**

Goldman Sachs JBWere put its "buy" rating on the stock under review.



Price-to-earnings ratio	**30**
Earnings per share, past four quarters	**0.47**
Dividend yield	**2.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**0.9%**	1.5%	22.4%
Sonic Hlthcare	**-1.3%**	-3.7%	8.5%

Westfield Grp
Australia A$11.75
▼ **1.4% or A$0.17**

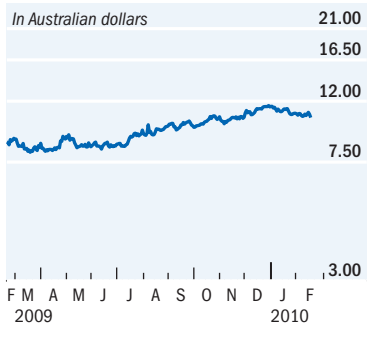
The mall operator's full-year results came in at the lower end of guidance.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.20**
Dividend yield	**4.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**1.0%**	2.3%	61.7%
Westfield Grp	**-1.4%**	-4.6%	19.9%

Coca-Cola Amatil
Australia A$10.57
▼ **2.5% or A$0.27**

Full-year earnings rose 16%, meeting forecasts, but disappointed some after bullish comments.



Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**0.61**
Dividend yield	**2.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**1.3%**	1.7%	51.4%
Coca-Cola Amatil	**-2.5%**	-2.7%	20.7%

Primary Hlth Care
Australia A$4.70
▼ **3.9% or A$0.19**

UBS cut its target price on the stock to A$5.40 from A$7.05.

Price-to-earnings ratio	**11**
Earnings per share, past four quarters	**0.42**
Dividend yield	**3.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**0.9%**	1.5%	22.4%
Primary Hlth Care	**-3.9%**	-14.9%	-4.1%

HEARD ON THE STREET

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Japan still a laggard in inflation debate

When it comes to price stability, Japan is finally moving in a direction other industrial nations did years ago. The debate elsewhere, however, has already moved on.

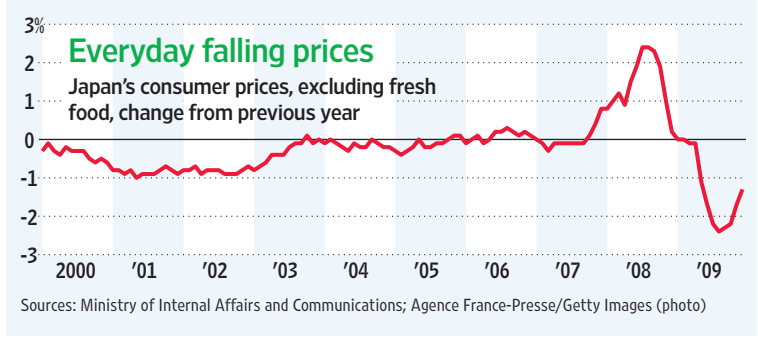
Japan's pugilistic finance minister, Naoto Kan, lobbed a bombshell this week when he said the government and the central bank ought to target a 1% inflation rate. This follows pressure he applied last year that forced the Bank of Japan to issue a statement saying its "understanding" of price stability was around 1%.

Japan is going to need to shoot for more than a 1% goal. Such a low level leaves little protection against shocks that can knock the wind out of demand.

Though still informal, this would be a first for Japan, which has avoided setting such targets because of BOJ resistance. Most other industrial nations target consumer-price increases of around 2%.

Inflation targets set clear guidelines for the central bank. Inaction in the face of an unwanted rise or fall in prices becomes less defensible. The targets also help anchor price expectations among consumers and businesses.

Admittedly, given the 10 straight months of consumer-price declines Japan has just experienced, 1% inflation would be a dream. Deflation forces higher real interest-rate burdens on borrowers and delays capital investments by companies because of an inability to calculate returns.



Sources: Ministry of Internal Affairs and Communications; Agence France-Presse/Getty Images (photo)

But over the long term Japan is going to need to shoot for more than a 1% goal. Such a low level leaves little protection against shocks that can knock the wind out of demand.

Anyway, even if Tokyo implements the 1% target, it will still find itself behind the curve. Just last week, International Monetary Fund economists argued that one possible lesson from the financial crisis is that even the more common 2% central-bank targets might be too low.

That Japan is debating an inflation target is better than nothing. But what's on the table now is very late and at least a percentage-point short.

—James Simms

Chinese whispers in Treasury mart

As China's current-account surplus cooled last year, did its ardor for U.S. Treasurys?

That is the headline story from the latest data on foreign ownership of U.S. government debt. Mainland China's holdings fell to $755.4 billion at the end of December from a peak of $801.5 billion last May. The country also shifted into longer-dated Treasurys. Japan is, on paper, again the largest foreign holder of U.S. government debt.

Behind those bare facts, however, the picture gets murkier. In fact, it isn't clear that China is shifting out of Treasurys at all, while firm conclusions over its preference for short- or long-term U.S. debt are hard to reach.

How so? The key is to look at U.S. Treasury holdings in the U.K. and Hong Kong. Both have at least doubled in the past year. At the end of December, the U.K.'s holdings totaled $302.5 billion, and Hong Kong's were $152.9 billion. In the Treasury International Capital data, analysts suspect a large portion of the holdings from those places—perhaps as much as half—in fact originate in China. The problem arises because Treasurys are often held on behalf of clients in financial centers like Hong Kong or London. For the data compilers, it is hard to unearth the ultimate owners of the debt.

There are good reasons to suggest China holds more U.S. government debt than is apparent in the "Mainland China" line of the TIC data—and for why the obfuscation suits Beijing. To maintain a steady dollar/yuan rate while running a huge balance-of-payments surplus, China's central bank has little choice but to recycle that surplus into dollar-denominated assets. And U.S. Treasurys remain the easiest and safest place for China to park foreign-exchange reserves.

Meanwhile, indirect Treasury purchases suit China politically. Headline data showing mainland China's purchases of Treasurys leveling off help allay domestic criticism that China, a "developing" country, is keeping the profligate U.S. government afloat. It also injects a grain of doubt into the minds of free-spending U.S. policy makers when it comes to assuming that China will always be there to snap up the country's debt.

There are good reasons to suggest China holds more U.S. government debt than is apparent in the data—and for why the obfuscation suits Beijing.

Right now, China doesn't seem to be panicking. In the official data, at least, its holdings of short-term bills fell by $140.7 billion, or 67%, between May and December. Much of that is likely due to bills maturing, rather than being sold, and China has continued to buy Treasurys with more than one year's maturity.

If inflation takes off, the dollar weakens, or investors start to balk at U.S. fiscal deficits, such longer-dated debt could leave China with losses. So if China really is extending its purchases along the curve, that suggests it is less worried than it says about Uncle Sam's debt levels spiralling out of control.

—Andrew Peaple

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